

# The Credit World



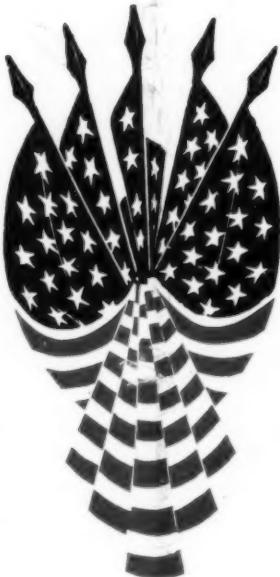
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*I was born an American; I live an American; I shall die an American, and I intend to perform the duties incumbent upon me in that character to the end of my career. I mean to do this with absolute disregard of personal consequences. What are the personal consequences? What is the individual man, with all the good or evil that may betide him, in comparison*

with the good or evil which may befall a great country, and in the midst of great transactions which concern that country's fate? Let the consequences be what they will, I am careless. No man can suffer too much, and no man can fall too soon, if he suffer, or if he fall, in the defense of the liberties and constitution of his country.

—Daniel Webster

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# The CREDIT WORLD

L. S. CROWDER  
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# RETAIL CREDIT

## *and Legislation*

By HON. ESTES KEFAUVER

ON JUNE 9, 1942, I introduced in Congress H. R. 7213, a bill to permit the garnishment of the salaries of Federal employees. That bill was sponsored by the National Retail Credit Association and it served to acquaint me, first hand, with problems of the first magnitude concerning retail credit with which, up to that time I, in common with other lawyers and laymen not within the credit fraternity, had but a limited experience. Since then, step by step, I have become familiar not only with the details of the garnishment subject, but with other problems in the field of retail credit which have increasingly served to bring me to a realization of what the proper solution of these problems means to the nation.

It was, therefore, with real pleasure that I accepted the invitation extended through your Washington Representative to address this Convention. You are the credit granters of the nation, your problems have to do with the masses of our people and while the subject assigned to me today—retail credit and legislation—does not by any means cover the entire field of consumer credit in the executive departments and agencies in Washington or in our Federal Congress, there are several of these problems which stand out in point of importance and are being given special consideration by several committees of the House on which I am serving. They are the Small Business Committee of the House of Representatives and the Judiciary Committee of the House and its Sub-Committee on Bankruptcy.

### *Garnishment Legislation*

Perhaps it may be well to first begin with the garnishment legislation represented successively by H. R. 7213, then by a revision of that measure in the form of H. R. 694, and finally H. R. 2985, the bill which passed the House on March 3, 1944, and which is now pending before a Sub-Committee of the Senate Judiciary Committee. The hearings of March 24, 25 and 30, 1943, on H. R. 694, were the most comprehensive and enlightening of any that were had in the series beginning with the introduction of a bill on this subject in 1921, followed by your own bill in 1927 and then by H. R. 7213.

Legislation is many times developed by hearings and subsequent revisions of bills introduced and revised and this has been particularly the case in this matter of garnishment, since it represents a subject which had never been blueprinted by the enactment of legislation. In the debate on March 3 attention was called to the fact that the bill which was then being debated gave evidence of its careful preparation and thought as to the factors involved. That bill is now before the Senate



HON. ESTES KEFAUVER is a representative in Congress from the State of Tennessee. He holds an A.B. degree from the University of Tennessee and an LL.B. from Yale University. He is a member of the American and Tennessee Bar Associations and is also a member of the House Small Business Committee and the Sub-Committee on Bankruptcy of the House Judiciary Committee. A Democrat, his home is in Chattanooga.

Judiciary Committee and hearings on it commenced last Thursday. The bill has strong support not only from the National Retail Credit Association, as its sponsor, but also from other leading national organizations. On the other hand, it has strong opposition, principally from some government clerks, some of whom do not like to have the privilege of hiding behind the umbrella of freedom from garnishment taken away from them.

While I am on the subject of this garnishment bill, I want to tell you what very excellent service your Washington counsel, Mr. R. Preston Shealey, has rendered in connection with it. He has been the driving force which has enabled us to get the bill this far along toward passage. He is also zealous in looking after and protecting the interests of the members of this Association in connection with federal legislation.

I want to congratulate you on the thought of your Washington Office in having printed and circularized throughout the country reprints of the Congressional Records containing this debate, including as it does the arguments not only of the proponents but also of the opponents of the measure. It contributes to clarification of the doubts in advance of the Senate hearing. This being so, advantage has been taken of this fact to distribute, for their information, to members of the Senate Judiciary Committee copies of the reprint. A step of this nature is not always taken in the matter of legislation pending in Congress, but when it is it presents the clearest way to present the merits of a measure and certainly appeals to the sense of fairness in the minds of Senators and Representatives. If this could always be done, or was practicable in a matter of Congressional legislation, pending in Congress, I venture to say that the results would be highly beneficial to the American people in that a study of debates would tend to eliminate those measures which were not sufficiently meritorious to stand the test of argument and dissection. It is not possible at this time to forecast what will be the fate of the bill

in the Senate but I am told that more and more Senators are coming to its support. If the retail credit men and women of the nation will continue to exhibit strong interest in and support for this measure we need have no fear of a successful outcome because in the long run and with proper support the right prevails.

As I have said, I am a member of the Sub-Committee on Bankruptcy, and you have your problems there. You have been pressing for the enactment of a measure to place referees in bankruptcy upon a salary basis, believing that the fee system of compensation is unwise, unsound, and un-American. Enactment of the revised referee salary bill which is expected soon to be introduced stands a good chance of passage and as a member of the Sub-Committee on Bankruptcy of the House Judiciary Committee I intend to join with others in an effort to get fair legislation on this subject passed.

#### **Referee Salary Bill**

Chapter 13—Wage Earner Settlements—was placed upon the statute books through the medium of the National Retail Credit Association. It is not in universal use today but it has been making steady progress, and bankruptcy statistics, published by the Bankruptcy Division of the Administrative Office of United States Courts, indicate that 16 cities at least are using Chapter 13 to a considerable extent. This referee salary bill, when enacted into law, will greatly increase its use because it will take away from referees in bankruptcy the tendency to neglect the small fee cases, such as Chapter 13 settlements, in favor of the larger and more remunerative insolvencies. The Small Business Committees of both the House and Senate have made studies of bankruptcy in relation to the problems of small business, but there have been no bills introduced on this subject as a result of these studies and, in fact, it has been found difficult to agree upon what amendments, if any, to the Bankruptcy Act would be of help to some business.

The September Judicial Conference of Senior United States Circuit Judges of last year, meeting in Washington under the chairmanship of Chief Justice Stone, recommended to the Congress not only the enactments of a referee salary bill but also that legislation be passed giving discretion to the court to refuse discharges to those individuals who have sufficient income above their expenses to pay something upon their debts. This latter is a much harder problem to solve than is the question of referee salaries, but I am confident that ultimately a solution will be found which will compel those who have been neglecting their debts, though with the means to pay them, to give them the attention that they deserve. In a general way, I have outlined problems affecting consumer credit in Congress from three angles, garnishment, placing referees in bankruptcy upon a salary basis, and denying discharges to those who are able to pay something on their debts.

This brings me to another problem in the matter of consumer credit which is of importance not only to retail credit departments but to retail merchants generally. I refer to the matter of financing for small business, a subject that is now before both Committees on Small

Business of the Senate and the House, and is likewise being studied by the Department of Commerce and the Federal Reserve Board and by business as well.

Let us take the plans now being considered as a result of agitation for some form of financing for small business. Within recent weeks President Wiggins of the American Bankers Association announced the appointment of a committee of leading bankers to study and adopt a credit pooling plan by our banks. No report has been made by this Committee, but I am told that it would follow a plan which has been in effect for a number of years in Louisville, Kentucky, whereby pooling credit facilities of the banks of that community, loans of a considerable magnitude have been granted in an effort to induce business enterprises to locate in that area. An adaptation of that plan to the needs of small business after the duration is what this committee probably has in mind, but I fear that when bank resources of communities are so pooled, the loans, while authorized to be repaid at longer periods of time than are the usual commercial loans, will reach only the higher level of small business and not the lower level. At that, however, this committee should be supported and encouraged in its work.

For the past two years I have had the privilege of serving as a member of the Small Business Committee of the House. This committee, together with the Senate Small Business Committee, sponsored creation of the Smaller War Plants Corporation. That corporation, which was set up for the purpose of enabling the smaller plants and industries to secure a fair share of the war business of the nation, has had very good success. I firmly believe that without the assistance of the SWPC many thousand small businesses would now be out of business. The SWPC has worked hard to secure procurements for small industry. The Army and Navy and other war agencies would naturally rather do business with the large contractors than with the smaller ones. This is natural, and it is easier for them to follow this course. Therefore, there was a desperate need for some government organization which would fight the battles for the little man. The SWPC has done this. It has used its right of taking procurements in its own name and of farming them out to small businesses. It has furnished valuable engineering assistance in order to enable small plants to convert to war manufacturing, and it has loaned thousands of small businesses sufficient money to enable them to make the conversion.

#### **Reconversion and Small Business**

When we come to the problem of reconversion the perils and difficulties facing small business will be even greater than those presented by the job of getting into war production. Competition will be keener. Therefore, it is imperative that we have in the government an organization to fight for and take the part of small industry in enabling them to get back into a healthy civilian production. Small business is the backbone of America. It is in the interest of large enterprises that we have a sound healthy structure for small business. As matters stand now, the SWPC expires with the

(Turn to "Legislation," page 15.)

# LET'S ADD VENTURE TO BUSINESS

By GLEN V. RORK

HERE ARE one or two statements that appear to be basic truths to me and which I believe will be much needed in the post-war world if we are to get anywhere in establishing sound, and, we hope, permanent business relations for the years to come. One of these can be stated this way: Because a young man or a young woman enters the service of our country in the armed forces in time of war, is no reason that he or she should be worse off because of having served in the armed forces. Neither should a person not in service of our country in time of war be better off because he has not served in the armed forces. Another view is perhaps well stated in a question: What has the American workman to lose under socialization unless free enterprise can give him a larger measure of economic stability? He hopes that a dependable income, that will lead to improved and maintained high standards of living for the average American family, can be attained. It is largely the responsibility of free enterprise to lead us to that goal.

## The Great Venture Lies Ahead

It may seem that the subject title, "Let's Add Venture to Business," may be close to the edge of the cliff. I can almost hear someone saying: "What does he think we have been doing? Haven't all our hard years been spent in protecting venturesome business?" "Really, now," someone else says, "Isn't that one of our great troubles—too much venture in business?" And still another says: "Is it not true that the ventures of men in invention and industry already have proved that venture always has been our theme, and the only theme by which our nation has started along the road to its ultimate success?" To all of these, and, as well, to other queries, I answer unequivocally, "Yes." But the great venture for peace "per se" lies ahead!

From this great war, from its preface and now from its postlude, it is rapidly more and more apparent that the old "status quo" is gone. The old yardsticks of established business must be remeasured. The old-time certain statements: "This is the way we have always done it," or, "This is our established routine of rules," now are an absolute danger to the apparent fact that individual endeavor and individual initiative are the engines that will furnish the real power drive that will pull us forward—not backward—to some sane degree of national and world security, and may become a deterrent, and not strengthen hope and faith in the peace that will come!

After peace—during peace I believe covers it better—comes the time we are thinking of as the place where

the individual can live and work and have some hope for a successful, fruitful being. Let's think of life as being the simple, orderly process for which the human being was intended. Let's think that our planning here and the planning done by others for a post-war world are as simple as this, as someone has put it so well: That the returning soldier—

May have a little house  
With lilacs at the door,  
With windows facing east and west,  
And sunlight on the floor;  
A kitchen with a rosy hearth,  
A crooked apple tree  
And room beside the garden gate  
For hollyhocks to be.

For all this war he's wandered round  
Though his heart is quick at knowing  
His own roof, his own bush,  
His own boughs a-blown.  
Some day—at noon, or dusk, or dawn,  
He'll walk right in and light the fire,  
And put the kettle on!

Today, I believe they call it post-war planning. You have read much about it. There are about two hundred separate groups working on serious post-war planning, and here it must be recognized that there is and, there must be a dominant place in all plans for the credit world to perform its duties and to make a great contribution toward the success of the venturesome years ahead. Let's all understand as we talk today, of post-war planning, that the first line of every plan must be, "Let's get on with this war!" Those were the words of a



GLEN V. RORK, is President of Northern States Power Co., Eau Claire, Wis. He entered the public utility business in 1919 and operated both privately and publicly owned systems in Western Wisconsin. He was appointed General Manager of the Wisconsin area in 1928 and became President of the Company in 1938. He is Chairman of Committee for Economic Development for northwestern Wisconsin.

very busy man now at the head of our forces in the South Pacific. But in the same breath, know you this, that if we wait until an unconditional whistle blows, if we wait until the last bugle sounds the end of hostilities before we plan, then, indeed, I say to you: "Brother, they'll be selling apples at the corner and raking leaves in the park before you can even begin to plan!"

### We Must Plan Before We Act

Let's remember that planning is the ordinary, sensible thinking that reasonable people always do before they are forced to act! When people or nations are forced to act, then, at that time, there ceases to be a plan, and all efforts are behind those expedients that will eliminate the occasion that forced the action. In my opinion, C.E.D. (the Committee for Economic Development) has done a great deal to lead us along the belief that only through work can wealth be created and through these plans and the men who feel that the responsibilities are many, is also the belief that these may be the last great chances for success and for free enterprise in a free world! C.E.D. is composed of men who are willing to stake all on the principle of jobs in industry at high levels of production to produce the work for men and women in a post-war world that will permit them to have and enjoy the fruits of their labor. To do so the flow of commerce must be continuous. To do so these thirty thousand businessmen in approximately two thousand communities all are urging that the credit world must see its place and must be ready to "go to town" with their plans added to the business venture.

There are great, new worlds ahead, but they will come about only as our income for goods and services are geared to a national figure of around one hundred and fifteen billion dollars.

Just as America's past has prepared her for the present, so the present is preparing America's future. We are of the opinion that war has unlocked inventive genius to give us a more abundant life when peace has been restored and established. America is assured of a great future beyond Victory, because we are a people with vision, because we are planning now for that Age ahead, a time more potentially rich and productive than any the world has ever known, a new Age in communication, transportation, education, housing, living conditions, entertainment, food, fun, furnishings, medicine, science, and the need for every device that will strengthen the continuity of income, which to the average workman is imperative if we want to establish a better world with private enterprise. A most casual inspection of a post-war period contemplates a post-war market of at least the following six items:

1. Huge deficits in homes, food, radio, clothing, autos, appliances, air-conditioning, etc.
2. Huge deficits in machinery for manufacturing the above group of commodities.
3. Huge accumulated savings.
4. Great foreign problems and foreign needs.
5. New products, new methods.
6. Retarded essential public works, schools, sanitation, roads and streets.

None of these can move unless the credit world in step with other post-war planning places itself on the selling side of this advancement. I am sure all of you know that outside of immediate and much-needed shortages, the continuous field of future commerce must be sold in the fullest sense of that word. Because I believe that sound selling must always be met by sound buying, I also believe that it affords the only way to maintain satisfactorily high levels of production that will maintain a high level of income and service, and furnish the basis for my belief that right here is where you, of the National Retail Credit Association, can and must give added—selling—strength!

In making these plans I hope you will agree that our present standards of living can be maintained, extended and developed only through men at work at satisfactory wage and salary levels. I hope you feel that no post-war credit plan should have anything about it that will restrict the absorption of the products of science, invention and production.

I believe there is a sound, reasonable probability that the inherent principles of credit relations indicate that products, goods and services will be paid for by the purchaser.

Looking for a moment at the matter of time-credit relations, our memory recalls that too often when a customer asked for and was extended credit, he was made to feel that he was being granted a great favor, whereas, as a matter of fact, both he and the seller were merely agreeing to a basis on which the negotiation could be completed and on which he would pay for what he bought. I also recall, particularly in my business, what seemed to be an entirely logical credit procedure, too often looked illogical and unreasonable to the customer on the other side of the counter or desk.

### Responsibility for Post-war Credit World

It seems to me that the credit industry must not only think of the physical means bound into the transaction of business, but also must consider the mental, or attitude side of our customers. In some few places the credit industry was still in the old, tall-stool, high-desk, kerosene-lamp days, when the firm's credit manager was a crotchety old bookkeeper, with a green eye-shade and ink spots above his ears, who laboriously worked far into the night penning threatening collection efforts and applied them, in every instance, because he recognized that a casually delinquent customer was a deadbeat!

If we are to make immediate contributions to motivating wheels on which this production at high levels can move, then credit machinery must be based on an understanding that its foundation depends on friendship, mutual trust and respect, without which no transaction can ever be mutually satisfactory and profitable.

Firms who have humanized and personalized their contacts will recognize the venturesome fields that lie ahead for the credit world. They have changed the old slogans into workable and effective concepts. They have sold the Company and its products to the customer; they have gained friends; and, believe me, those firms have not lost their personal or corporate shirts in doing so! The money they may have lost through this human-

izing process was a cheap price for the gains they have realized! The forces such as this make for fine progress! If this Conference lays plans to take its place as the vehicle over which high production levels can be attained, without flooding the market with cashed-in bonds or depleting the reservoirs of savings, then, indeed, the post-war credit world will have much to the credit side of its ledger.

Let us not be caught off guard in recognizing where the responsibility for all this activity rests. It does not rest in government; it does not rest in legislation; it does rest firmly on each individual and corporation. Not one of us can object legitimately to government writing the broad, general rules for the conduct of business or serving as referee when one or the other side calls "foul," but we must object—and strenuously—when government wants to be on both teams and carry the ball all the time, for first one team and then the other, in the great sport called competitive business. Under such terms and conditions the much-touted process called "purifying the game" will destroy it, ultimately.

#### **This is the Time for Positive Action**

How well we plan, then, is the only action on which the game depends. If we sit idly by and say, "Oh, what's the use?" then I believe we richly deserve the bitter medicine we have to take! If only one industry falls because of the inertia and lassitude on the part of other industries, then those other industries carrying with them the jobs and efforts of men at work, will, ultimately, also fall. There can be no compromise with fear; this is a time for positive action! This positive action must include every phase likely to bring us to a satisfactory conclusion for many years to come!

That more and more people are recognizing that the National Retail Credit Association does have the responsibility for the success of all post-war credit planning is shown in nearly every issue of the daily press. Minutes of the meetings of many Boards of Directors reflect investigations of time-credit that will promote a broad, open highway for sound credit. Recently the American Bankers Association established a post-war small business credit commission, with plans affecting not only the largest but the smallest bank, to participate in these credit needs for small business. The program also will include the introduction of new forms of lending and new forms of assistance to set up credit pools. Term loans are expected to play an important part in the activities of the new plans.

Carl M. Flora, Vice-President of the First Wisconsin Bank of Milwaukee, has been an outstanding leader in setting up the obvious needs for revision of time-credit procedure. If those things are true in credits endeavoring to do collective good for the credit world of small and large business, then it definitely follows it is more true that the venture into the new world of production at high levels of employment require the retail world to take its place and recognize that it has a definite, unmistakable obligation to everyone, as Americans, to see that the avenues of trade and commerce flow steadily and continuously; and that we should do our work so that not only we, as Americans, can trade in a free world, but that every American shall have the right of freedom

of opportunity promised him in this great, new world. I believe that we should, then, as credit people, today, plan, investigate and inspect every avenue so that we may use our intellect and imagination, and work, at all times, with science, invention, ingenuity and industry.

Let us dream large dreams and view the future with vision. Let's add venture to our business, with understanding, judgment and foresight, but let's do so courageously, boldly, unafraid, vigorously, unflinchingly, so that the American way, which is the right way of thinking right, being right and doing right, so that all may live right, will the sooner come. Nothing ventured, nothing gained, and as we start on our venture, let us remember the truth of that well-worn adage: "All the wild ideas of unbalanced agitators the world over, in their pitiful quest for happiness in property or government through conquest, dictatorship, revolution or crime, can not overthrow the eternal truth that the one road to happiness either in property or government is over a broad, open highway of service, which always means industry, thrift, respect for authority and recognition of the rights of others."

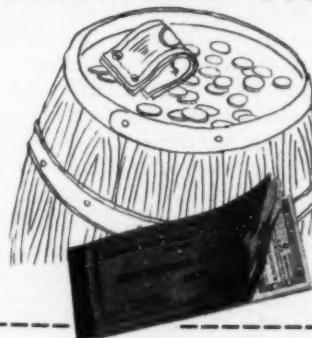
The business world, then, will indeed, with strengthened, open-minded, fair and courteous credit procedure, believe that when you wrap a parcel for a customer you must put into it a great deal more than the article he purchased. You must add courtesy, tact, fair dealing, honesty and friendship. If these are wrapped with your groceries or your furnishings, or your services, then your customer will be back to do business with you on another day, but he will add his strength as you add venture to business!

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# Credit Department Letters

THE MONTH OF June, 1944, will long be emblazoned in the annals of history as the month when the Allies finally landed in France to start the liberation of an enslaved continent from the Nazi yoke. The fact that the Allied Nations were strong enough to mount such a tremendous amphibious land and air operation has been the cause of much jubilation throughout the Nation as a whole. Yet this morale-building action is being tempered by the messages that many families are beginning to receive of the losses of their loved ones on the beaches of Normandy.

That these losses have occurred in all wars is best exemplified by the famous letter of condolence written to Mrs. Bixby of Boston by President Abraham Lincoln in November of 1864. In these solemn hours of invasion while our boys are fighting to drive back the enemy, it is fitting to pause a moment and read once more this memorable letter of Lincoln's—a masterpiece both of English usage and of letter-writing.

Executive Mansion  
Washington, Nov. 21, 1864

To Mrs. Bixby, Boston, Mass.

Dear Madam:

I have been shown in the files of the War Department a statement of the Adjutant General of Massachusetts that you are the mother of five sons who have died gloriously on the field of battle. I feel how weak and fruitless must be any word of mine which should attempt to beguile you from the grief of a loss so overwhelming. But I cannot refrain from tendering you the consolation that may be found in the thanks of the republic they died to save. I pray that our Heavenly Father may assuage the anguish of your bereavement, and leave you only the cherished memory of the loved and lost, and the solemn pride that must be yours to have laid so costly a sacrifice upon the altar of freedom.

Yours very sincerely and respectfully  
A. Lincoln

The letter to Mrs. Bixby illustrates the power of conciseness and simplicity; for Lincoln compressed in 130 words (of which 98 are monosyllables) both feelings and ideas that have been the basis of stories and poems for centuries past. Because of this fact, the letter is a model worthy of careful study by those who need to write letters.

## This Month's Illustrations

Illustration No. 1 used by Schuster's, Milwaukee, Wisconsin, and signed by N. Henderson of the Collection Department, is the first of the collection series, and calls the direct attention of the reader to the fact

that payments are not being met in accordance with terms.

This is emphasized by a statement explaining that Regulation W has not changed the firm's conditions of payment. The offer of cooperation in the next paragraph assures the reader that Schuster's is interested in his problems and will be glad to help, provided he will call and discuss the matter with the manager. The letter is dignified and in good taste.

Illustration No. 2 used by The Vogue of Chattanooga, Tennessee, and signed by Mrs. M. L. Peeler, Credit Manager, illustrates how a warm, friendly attitude in a "greeting" letter can make the new customer feel that she is really welcomed by the store. The main tone of the letter is one of friendliness; and payment regulations, because they are placed *last* in the letter, leave a permanent impression in the reader's mind. Notice, too, the "layout" of the letter which is pleasing to the eye and is tailored and clean cut in its appearance. The letter reflects both in its content and appearance the fact that The Vogue is a distinctive store for discriminating people.

Illustration No. 3, used by the Chattanooga Gas Company and signed by the Credit Supervisor, Raymond Wallace, is a courteous, forthright appeal for payment of an amount that is overdue. Its lack of wordiness is worthy of praise. It has something to say, and says it, in a direct yet effective manner. As in Illustration No. 2, the real gist of the message is placed in the very last sentence so that it will be remembered *first* by the reader. Letters of this kind, individually typed or carefully filled in, usually gain their objective without further follow-up because of their friendly, direct approach to the problem.

Illustration No. 4, used by the Peerless Company of Pawtucket, Rhode Island, is strikingly individual and skillfully portrayed. The card is outstanding on account of its human appeal. Everyone desires mail and looks forward to receiving mail. Therefore, a card of this type should get an excellent response because the figure of the mailman brings back memories to the reader that are "tied in" with the particular message being sent. This card is new for the Peerless Company but already it has met much favorable comment. It may be well to add that anything novel, like this card, is usually short-lived in its usefulness although it can be used indefinitely on new and old customers just once. After that, its novelty wears off.

Illustration No. 5, used by Shudde Bros. of Houston, Texas, and signed by E. H. Brown, Manager of Credit Sales, is another fine example of a "Welcome" letter sent to new customers. This letter is different in that it emphasizes the fact that customers have two complete stores to shop in for convenience; and by opening one

(Turn to "Letters," page 21.)

FOUNDED 1894  
**SCHUSTER'S**



ED SCHUSTER & CO INC.  
W MITCHELL AT S 11TH  
N 3RD AT W GARFIELD  
N 14TH AND W VLIET  
MILWAUKEE, WISCONSIN

PLEASE ADDRESS REPLY TO THE COMPANY  
ATTENTION OF: \_\_\_\_\_

(1)

June 5, 1944

Mr. Lester Day  
316 Eastland  
Milwaukee, Wisconsin

Dear Mr. Day:

The part payments you have been making on your Schuster charge account are appreciated.

We wonder, however, if there may be some misunderstanding in regard to our terms for regular charge accounts. All merchandise purchased each month is payable in full by the 15th of the following month. The present government regulations have not changed these terms.

Of course, some temporary conditions of which we have not been informed may have prevented you from making prompt payment according to terms. If so, we should appreciate hearing from you so that we may cooperate with you in arranging a plan for bringing your account up to date.

Please call on us the next time you are in the store, so that we may discuss this matter further.

Tours very truly

*N. Henderson*  
SCHUSTER'S  
Collection D

R:LM

**VOGUE**  
A Great Store...A Family Store  
118-725 MARKET STREET, THRU TO 8TH  
TELEPHONE 8-8129  
CHATTANOOGA 2, TENNESSEE

(2)

June 10, 1944

Mrs. Sallie Long  
123 Ridgeway Road  
Chattanooga 3, Tennessee

Dear Mrs. Long:

Your interest in THE VOGUE as evidenced by your request for an account is sincerely appreciated.

It is indeed a pleasure to open a Charge Account for you. We are glad to welcome you as one of our esteemed customers and we hope we will continue to merit your confidence at all times.

If we can be of assistance to you at any time, you may be assured of our heartiest cooperation.

Sincerely yours

*M. L. Peeler*  
Mrs. M. L. Peeler  
Credit Manager  
MLP/s

In accordance with Federal Regulations, merchandise purchases are considered "frozen" if not paid by the tenth of the second calendar month following that of purchase.

**CHATTANOOGA GAS COMPANY**

CHATTANOOGA, TENN.

(3)

June 6, 1944

Mr. Peter Longworth  
790 Gregg Boulevard  
Chattanooga, Tennessee

Dear Mr. Longworth:

Once in a while, as you know, bills go astray in the mail. Sometimes they are received and put away for future attention, and then overlooked.

Whichever may be the case, we are confident that this friendly reminder of a bill that is overdue will result in payment within the next few days.

The balance owing is \$19.23.

Yours very truly  
*Raymond Wallace*  
Credit Supervisor

**Shudde Bros.**  
-MEN'S APPAREL-

HOUSTON, TEXAS

(5)

June 24, 1944

Mr. C. A. Jones  
10th Bedford Street  
Houston, Texas

Dear Mr. Jones:

Thank you for your application of the twenty-first for a Charge Account. It has been approved and your account is ready for your use.

You will no doubt find that this added convenience will make your shopping tour at either of our stores more convenient, and we hope that you will avail yourself of the many values and services which we have to offer in our two complete stores for men.

Cordially yours

*E. H. Brown*  
Manager of Credit Sales

RMB:R



TRADE  
AT PRESTON

# THE PART BUSINESS MUST PLAY *in the Winning of the Peace*

By H. W. ADKINS

I DO NOT NEED to remind you that the war is not won. Our first job is to win the war. But, as we work for victory, we must think beyond today and into the years ahead. This is essential if we are to win the peace as well as the war. The winning of the war is not the end objective. The real objective is a sound and constructive peace. Winning the war makes such a peace possible. It provides an opportunity, that is all. This "Thinking Beyond Today" into the "Tomorrow That Follows V Day" is what is termed post-war planning.

Let me read you a letter recently received from a Private in the United States Army:

Dear ——————

I see by the papers that there is quite a lot of talking going on back home about post-war plans. But, a lot of this misses one point, that is, ten million of us privates and our women folk will have something to say about what's to be done after the war.

As we see it, the gist of post-war planning consists in planning for ten million jobs. The jobs we're thinking about aren't handouts from a grateful country. They aren't regimented jobs. Two or three years in the Army is enough regimentation for one generation of privates.

We want the kind of jobs, with going and growing outfits where you can dig in and plow your way to the top according to your brains and guts. We want to work for concerns with enough vision, genius and usefulness to make money, so we can make money. We want to take a big and profitable part in the big job of rebuilding this big country. We want success.

So here is a friendly warning, which had better be heeded. When we come home, be mighty sure that we find business and industry in vigorous health and rarin' to go—not hamstrung, discouraged and choked.

We want to come back to a life where every man, who is any good, will be hard at work making worthwhile things, so that he and his may have the price to buy worthwhile things.



H. W. ADKINS is Executive Vice-President of Yahr-Lange, Inc., Milwaukee. He was formerly Vice-President, Gillette Safety Razor Corp.;

Druggists Supply Corp.; and Marquis Regan & Co., all of New York. He is a member of the National Federation of Sales Executives and the National Committee for Economic Development. He is also Vice-Chairman of the Trade Promotion Division of the Association of Commerce in Milwaukee.

That's the American system—and the only system which we privates will take.

Yes, in return for what we are trying to do, all we want is a lasting peace and a good old-fashioned American job.

Sincerely yours,  
Private Joe.

The question nearly everyone asks, be he civilian or in uniform, is "How am I going to make a living for myself and for those dear to me, when the war is over, in a manner of my own choosing?" Many people will be faced with this question before the war is over because it has recently been stated that 25 per cent of all existing war contracts will be cancelled when "S" day comes. "S Day" is Washington's term for successful invasion. After "S" day many of our industries will be on their own.

Transition from our war economy to that of peace is not an easy job. Nothing comparable ever has been known before. Approximately fifty billion dollars of current annual production represents strictly war goods that we will stop making when peace comes. This gap must be filled, in a large part, by civilian production of goods and services if we are to keep the needed volume of employment. Employment in industry during the period from 1937 to 1944 is estimated to have increased by 7,600,000 people.

## Armed Forces After the War

It is estimated that there will be 2,000,000 men retained in our post-war armed forces in the years immediately after the war, which will call for demobilization of approximately 6,000,000 men. While the demobilization will come gradually, industry nevertheless, must be prepared to "give that returning soldier boy a job," when he returns home. There absorption by industry may be aided materially by such factors as: the giving up of war jobs by many women; the retirement of older workers; the increase of travel and recreation time; the return of many younger workers to school; the resumption of college and professional training by many now in the services or in war industry; the renewal of many professional and service businesses that have stopped during the war; the starting of new enterprises; the business involved in meeting the needs of the world; reduction in the work week and the normal enforcement of child labor laws.

The challenge that confronts the leadership of American enterprise is to prepare now, and in a very realistic manner, to meet these responsibilities it must face as our economy passes from war to peace.

It is an easier task to convert from peace to war than from war to peace. With the coming of war a sort of totalitarianism is asserted. The Government tells each business what it is to contribute to the war pro-

gram—just what to make and where it is to get the stuff out of which to make it. The planning and execution rest upon one over-all purpose and a single control. Patriotism exercises a strong compulsion. With peace, the opposite becomes true. Each has the right to make what he pleases. Government aid and direction disappear. The markets become free and each individual is dependent upon his vision, his courage, his resourcefulness and his energy.

If industry will plan now for the period of reconversion and readjustment we have every reason to hope for many improvements in our standards of life—better houses—better clothes—better food—better safeguards for children—better health protection and wider educational opportunities. These bring hope and give security for the future.

In 1940, with 46 million civilian workers employed by private enterprise and government, the gross output of goods and services in the United States amounted to 97 billions (108 billions at 1943 prices).

Following is a summary showing the planned total U. S. production and its composition for the first peacetime year compared with that of 1943 and 1940:

#### HOW 165 BILLION WOULD BE SPENT

	First Peace-time Year	Spent in 1943	Spent in 1940
Food, Beverages, Tobacco	37	34.1	28.3
Misc. Consumer Needs	26	22.6	19.7
Clothing, Shoes & Accessories	13	12.4	8.7
Home Rent & Upkeep	9	8.0	7.2
Automobiles & Accessories	7	.5	3.4
Home Furnishings & Equipment	6	3.8	3.7
Medical Care	4	3.5	2.8
Recreation	3	2.8	1.8
Transportation	3	3.5	2.6
Machinery & Equipment	12	1.8	6.3
New Houses	8	.6	2.5
Commercial Construction	4	.5	1.9
Net Exports	2	1.5	1.0
Charge Inventories	1	1.2	1.2
Federal Activities	22	93.8	8.5
State & Local Activities	8	6.8	8.4
TOTAL	165	192.0	108.0

If we accomplish the job before us, we will be able to keep 55 million people on the payrolls with an average

wage of approximately \$1,700 annually. Dividends will be paid to risk or venture capital, interest will be paid on borrowed capital, proper reserves may be provided and an adequate distribution of net income made between Government and business.

The Department of Commerce experts estimate that with 55 million civilian workers employed by private enterprise and government after the war, our gross national output of goods and services could amount to more than 140 billions, at 1940 prices (165 billions at 1943 prices). This means an increase over 1940 in total employment from 20 to 25 per cent, and in total production—45 per cent. Therefore, we should plan to have a total gross national product of 165 billions (at 1943 prices) and keep 55 million people employed.

Following is a summary showing the planned income from Total U. S. production and who may receive it:

#### WHO WOULD RECEIVE THE 165 BILLION

	First Peace-time Year	Record in 1943	Record in 1940
Salaries & Wages	94.0	111.6	48.0
Professionals & Other Self-Employed	12.0	11.3	6.9
Farmers	12.0	12.0	4.3
Dividends	5.0	4.1	3.8
Undistributed Profits	4.0	4.8	.4
Other Interest Payments & Rent	7.0	7.3	6.5
Interest Payment on National Debt	4.0	2.5	.9
Other Business Taxes	12.0	13.6	7.8
Federal Corp. Inc. Taxes	5.0	14.4	1.6
Depreciation & Depletion	8.0	8.0	5.2
General Business Reserves & Changes	2.0	2.4	.9
Inflation from 1939 to 1943 Prices			86.3
			21.7
TOTAL	165.0	192.0	108.0

It is reliably estimated that there will be approximately 100 billion dollars represented in savings by the close of the war and that such sums will be available for spending by the public.

As a result of a recent survey by the Chamber of Commerce of the United States relative to measuring the post-war buying intent of the public, the following information is disclosed:

#### The Committee for Economic Development

THE COMMITTEE FOR ECONOMIC DEVELOPMENT, which I will hereafter refer to as the C.E.D., is an independent, nonpolitical corporation, organized by American businessmen for a single purpose which is: To promote the attainment and maintenance of high levels of employment and production by private business enterprise after the war.

The C.E.D. holds as fundamental the belief that the national welfare will be advanced in direct proportion to the number of workers employed by private business enterprise. Success in this endeavor will result not only in the elimination of mass unemployment, but also in higher standards of living than we have ever known. Failure will leave us with the choice of only two alternatives: mass unemployment, or mass Government employment.

The C.E.D. believes that the existence of the Free Enterprise System, and of democracy itself, depends largely upon our ability to avoid these two dangers after the war. Therefore, the number one job for American business is to prepare now, to assume leadership in the battle against mass unemployment.

Have you ever given thought as to how jobs are born? They are not created by legislation or by resolutions. Jobs are born because somebody was willing to risk his hard-earned savings for a reward. Jobs are expanded

because somebody has broadened his markets for his goods and services. How do you expand your markets? Your markets are expanded through producing better goods and lower prices.

The C.E.D. wants it clearly understood that they are not unmindful of the activities of the National Resources Planning Board and all other local and State Governmental agencies which are making post-war plans for public works projects, etc., to furnish jobs for the unemployed. But just how many jobs could they furnish?

There are approximately 165,000 Government units having the power to spend our money, and through all of these units it is estimated that they could provide jobs on public works projects for only 3,000,000 men. Therefore, while we want all to plan, we do not want the two million business enterprises to sit back and wait for the Government plans. We want each individual business enterprise to do its individual planning now, both large and small.

Do you know that of the two million employers in the United States, 1,600,000 employ from one to eight persons; 396,700 employ from eight to 1,000 persons; and 3,300 employ over 1,000 persons? Therefore, our chief problem lies in activating and assisting the large number of small and medium-sized businesses.—H. W. Adkins.

If the war ended tomorrow, 64 per cent of U. S. families believe they would make purchases of one or more major articles within six months. What would they buy?

105 out of every 1000 families intend to buy a new Automobile which means an immediate post-war automobile market of \$95,000 in a community of 3500 people.

75 out of every 1000 families intend to buy Mechanical Refrigerators

60 out of every 1000 families intend to buy Washing Machines

47 out of every 1000 families intend to buy Stoves

40 out of every 1000 families intend to buy Vacuum Cleaners

73 out of every 1000 families intend to buy Radios

24 out of every 1000 families intend to buy Sewing Machines

43 out of every 1000 families intend to buy Electric Irons

31 out of every 1000 families intend to buy Electric Kitchen Mixers

which means an immediate post-war electrical appliance market of approximately \$37,500 in a community of 3500 people.

39 out of 1000 families intend to buy Living Room Furniture

19 out of 1000 families intend to buy Dining Room Furniture

39 out of 1000 families intend to buy Bedroom Furniture

45 out of 1000 families intend to buy Rugs & Carpets

42 out of 1000 families intend to buy Linoleum

which means an immediate post-war household furnishing market of approximately \$22,000 in a community of 3500 people.

44 out of every 1000 families intend to build or buy a new home within six months after the war is over. This means a building boom of at least \$198,000 in a community of 3500 people.

390 out of every 1,000 home owners in America say that if the war ended tomorrow, they would almost certainly make some sort of improvements or repairs to their property within six months. 670 out of every 1,000 farmers who own their own farms say they will make farm improvements. It is estimated that the above improvements and repairs will provide an immediate post-war market of \$210,000 in a community of 3,500 people.

Summarizing the spending power in the five major markets hereinbefore mentioned, namely, automobiles—electrical appliances—household furnishings—new home building and improvements and repairs, we find that the total of such post-war markets is approximately \$562,000 in a community of 3,500 people.

American business will turn out all the goods for which there is a market and the limits on product are the limits imposed by an insufficient market or insufficient spending. Remember, we have never had a condition of overproduction. It was always a case of under-consumption.

Depressions, in my opinion, are brought on by people thinking they should curtail or stop spending. Therefore, we must expand our energies in educating people to the necessity of spending.

Probably one of the worst slogans ever created was "What helps *business*, helps you." It should have stated "What Helps You, Helps Business." Therefore, those of us who are charged with the responsibility of getting goods from the point of production to that of the point of consumption, must realize that our job is to help create wants, thereby creating markets for consumer merchandise.

Here is what Mr. Walter Fuller, the President of the Curtis Publishing Co., and a regional Chairman for the C.E.D. has to say: "The secret weapon of America is selling. Without selling and its stimulus to our whole economy, we might have done no better with the oppor-

tunities that America afforded, than did the Indians when they roamed these lands."

When we speak of selling, we mean selling through all the media that reach the eye and ear as well as through audible repetition at the point of sale.

Again Mr. Fuller states, "Purchasing power is static. It becomes useful only when translated into effective demand by smart aggressive merchandising."

When we speak of merchandising, what do we mean? My interpretation of merchandising is: "Selling Merchandise, That Won't Come Back, to Customers That Will Come Back."

As of today, America's capacity to merchandise is far, far below America's capacity to produce. The fact that we have been in a seller's market, sales effectiveness has deteriorated substantially. Not only is complacency unjustified, but it should be replaced by aggressive selling on the sales front. Remember, once and for always—only by producing more can we have more. We cannot loaf our way into prosperity.

Never forget, that a sale of goods or services is not complete until sold to an ultimate consumer. Salesmen, then, in their true light, are those engaged in selling to the consumer. All others who are engaged in getting goods from the point of production to the point of sale are in reality, what I have termed distribution engineers. Their job is not only to see that goods are made available for the consumer salesmen, but that they have the necessary machinery and know how to use it to carry out an effective job of merchandising and selling.

Therefore, the retail store on Main Street has a most important part to play in the winning of the peace, or in helping to maintain high levels of employment and production after the war. If you do not create wants, there will be no pay envelopes in your community.

#### United States Standards of Living

The United States standards of living are the envy of the world. They are what made our country great. Let us start today to do our share in maintaining high levels of employment and production and thus maintain and strive to increase our American standards of living. That is the part business must play in the winning of the peace.

Post-war thinking and planning is largely an individual problem, and therefore each one of us must diligently start to cut out his pattern at once. No matter how we go about making our individual plans, we all have the same objective, which I believe can be summarized as follows:

1. We want a job for nearly everyone.
2. We would like a high average of wage.
3. We want good dividends for risk and venture capital.
4. We want a chance for the little businessman.
5. We want a chance to make profits fortified by performance and to be achieved by strong incentives and not Government directives.

We can accomplish our objectives if you will start now, thinking—acting—and talking about post-war preparedness to those associated with you in your business, and to your neighbors and friends in your community. Remember you cannot expect a greater harvest than from the seeds you sow.



"I was glad to have participated in the Commercial and Industrial Banking group meeting at the Milwaukee Convention, and to have enjoyed the camaraderie of such a fine group of earnest and enthusiastic members. As you requested I am sending a copy of my talk which may be used in The CREDIT WORLD."—Robert B. Umberger, Executive Vice-President, Industrial National Bank of Chicago, Chicago, Ill.



"Your Streamlined Letters extension course should be compulsory for any employee dealing with customer relations. I have appreciated it and want to thank you for your direct and friendly criticisms."—E. M. Farra, Credit Department, Shell Oil Company Inc., Seattle, Wash.



"Here are 'flowers to the living.' You deserve a big bouquet for your outstanding leadership and work in developing the N.R.C.A., into one of the finest organizations in the country. The Milwaukee Convention was outstanding in every respect—publicity, arrangement of the general program, accommodations, entertainment and group sessions. I doubt if you could have picked better men to handle it and who could have done a better job. I was impressed with the business-like attitude and manner of the delegates, and the quality and range of subjects presented at the general sessions. Above all I thought the unexpected large attendance was a real tribute to your great work. I was proud to be a part of it and thank you sincerely for the opportunity to help. Like many others who appreciate your interest in the organization, I hope you are able to continue the good work for many years to come."—Harry S. Hahn, The Ohio Fuel Gas Co., Columbus, Ohio; Session Co-Chairman, Public Utilities Group Conference, Milwaukee Convention.



"The Milwaukee Conference was the greatest we ever attended. Those Milwaukee boys did a swell job. We had twenty-two in our delegation and they all were glad they attended."—A. S. Kerby, Credit Manager, The Hardy & Hayes Co., Pittsburgh, Pa.



"Milwaukee surely put on a real meeting. I thoroughly enjoyed every minute of it. Those responsible for the program deserve no end of praise. To me it was one that will go down in history as among the best conventions ever held."—Dewey E. S. Kuhns, Manager, Charleston Retail Credit Assn. Inc., Charleston, W. Va.



"I have enjoyed to the utmost your course in Retail Credit Fundamentals. It is an enlightening course which instills in one the power to be a better manager of credit sales. I highly recommend it not only to newcomers in the field of credit, but to experienced credit people as well."—Dorothy Whitford, Credit Manager, Three Sisters, Milwaukee, Wis.



"We congratulate you on the excellent use you have made of the War Bond layout on the front cover of the June CREDIT WORLD and also for the excellent publicity in support of the Fifth War Loan on the inside pages. Let us assure you that your consistent patriotic generosity in the war finance program is deeply appreciated."—Ted R. Gamble, National Director, War Finance Division, Treasury Department, Washington, D. C.



"I felt that the 1944 Conference was the best in the National Association's history, or it seemed to me that I got more out of it."—Miss Mary E. Altizer, Credit Manager, S. H. Heironimus Co., Roanoke, Va.



"Your thoughtfulness in including a write up in the June CREDIT WORLD about my new position is appreciated because it gave the story of my leaving St. Louis to many credit manager

## "Legislation"

(Beginning on page 5)

cessation of hostilities. It is necessary that it be given an extended term—that it be directed to assist in making the readjustment—and that its purposes be enlarged. The two Small Business Committees have been giving this matter consideration and on May 12, Mr. Robinson of Utah introduced H. R. 4801, and Senator Murray of Montana introduced a companion bill in the Senate, which would renew the SWPC, giving it a firmer part in the picture and setting it up so that it can really render valuable service to small business in getting back into civilian production. I am not committed to all the provisions of the bill. They have been filed for the purpose of bringing the matter to the attention of the Members of Congress and to the attention of the public. Many changes no doubt will have to be made. I do urge you to familiarize yourselves with the problem and to support some reasonable measure for the continuation of the SWPC.

The matter of contract termination is a vital one. Unless war contracts are terminated immediately and unless the contractor is paid at once upon the termination of his contract, many businesses will be unable to weather the storm and we would have a resultant catastrophe of bankruptcy and unemployment. Taking cognizance of the necessity of quick termination, Congress is now considering legislation on this subject. S. 1817 has passed the Senate. A companion bill, H. R. 4717, which I filed in the House, is now being given consideration by the Judiciary Committee. I predict that this legislation will be finally enacted before the coming recess.

### **Centralization of Authority and Regimentation Necessary During Wartime**

During these days when our country is engaged in the most desperate war of all times, a great deal of centralization of authority and regimentation is necessary. American people and businesses generally appreciate this and they are willing to do anything necessary to carry the war through to a successful conclusion. I think you should understand, however, that even after the cessation of hostilities many controls will have to continue for some length of time and, even in years to come, the things that have happened in Washington will very vitally affect the members of this organization and businesses generally. Therefore, it is of great importance that you keep in close touch with legislation which is proposed and which will be considered from time to time. It is of great importance that you analyze that legislation and advise your Senators and your Congressmen of your views in connection with it. I have a high respect for the Members of Congress. They want to do the right thing and you can be of great benefit to them in helping them obtain the facts, and in giving them the benefit of your counsel.

friends of mine who would not have otherwise known about it. Incidentally, I now realize by being so far away from St. Louis how interesting and readable The CREDIT WORLD really is! I can well understand why credit men and bureau managers look forward to it each month."—Frank T. Caldwell, General Manager, Retailers Credit Association, San Francisco, California.

# Credit Careers

SEWARD E. EDGERTON, General Credit Manager, Broadway Department Store, Los Angeles, recently celebrated thirty years of service with the store. He started as assistant General Superintendent when the



building was under construction. When completed, it was decided to open a credit department. Mr. Edgerton, who had previously been assistant Credit Manager of the Denver Dry Goods Co., Denver, Colo., was chosen to install the credit system. For a year or more, he held both positions and, as charge accounts multiplied so fast, he was faced with the task of deciding which job he wanted most, for both were full-time posts. He then decided to devote his entire time to credit work. At present, he is in direct charge of credit operations of the three Broadway stores with assistants and a sizeable staff in all three places. He is called "The Iron Man" by some of his store associates because he has the amaz-

ing record of having missed only one day at his desk in thirty years, and that through sickness.

During his years as General Credit Manager of The Broadway, Mr. Edgerton has continuously strived to perfect the credit system of his firm by adopting up to the minute authorizing and billing systems. He has authored several articles on these systems and other subjects in The CREDIT WORLD which attracted considerable interest among the members of the National Retail Credit Association. He is a keen student of retail credit and has always willingly given his time and talent to assist other credit granters in solving their credit problems. All in all, his experiences at The Broadway in thirty years would fill a book.

## Prominent in Credit Circles

Mr. Edgerton has been prominent in both local and national credit circles, having been a member of the Board of Managers of the Los Angeles Retail Merchants Credit Association since 1915, and at one time its chairman. He has been President of the Eleventh District of the National Retail Credit Association, a Director of the N.R.C.A., and a Director of the California State Association.

Thirty years on the job is a real record. It is men like Mr. Edgerton who have contributed much to the success of the Broadway Department Store. The National Retail Credit Association congratulates him and wishes him many more years of success and happiness.



### We have YOUR NAME in this "Who's Who"

As a member of the Credit Bureau we are called upon to report, at frequent intervals, the credit standing of our customers. This report is available to every merchant or professional man who is a member of the Credit Bureau.

Your account with us at the present time is PAST DUE. To maintain a good credit record, you should make a payment NOW or arrange for an early settlement.

Customer's Name \_\_\_\_\_

Firm Owed \_\_\_\_\_

Balance \$\_\_\_\_\_ Past Due \$\_\_\_\_\_

Date \_\_\_\_\_

*Guard Your Credit as a Sacred Trust*

## Reluctant Dollars

You can bring them into your store by using the tested Collection Insert shown here. Prepared at the urgent request of our members, it has a definite tie-in with the credit bureau. Not only does it turn past due receivables into cash, but it is an effective means of educating customers to pay bills promptly.

This is another success number in our series of Collection Helps. The size is 3 inches by 5½ inches and it is printed in bronze blue ink on ivory enameled stock. Only \$2.00 per thousand.

Order from

**NATIONAL RETAIL CREDIT ASSOCIATION**

Shell Building

St. Louis 3, Mo.

# Milwaukee Convention Exhibits

*Below are three of the principal exhibits at the Milwaukee Convention: Remington Rand, Inc.; The National Cash Register Co.; and Acme Visible Records, Inc.*



# *Report of the President*

## Joseph A. White

BECAUSE EVERYONE is so busy these days, a short report from me seems desirable, and especially as our activities will be covered in several other reports.

I would appear unappreciative if I did not express my sincere thanks for the great honor bestowed on me in electing me your President for the year drawing to a close. During my entire administration, it has been a source of genuine pleasure for me to have held this position of unusual responsibility.

I am most grateful for the excellent cooperation received from the membership as a whole; this assistance has enabled us to make an important contribution to the Association in a most difficult year. To the officers, directors, committee chairmen and committee members, I express my thanks for the exacting work they have done in such an excellent manner. To General Manager Crowder, I am obligated for his efforts in making my work easier, because without it and the wholehearted desire on the part of the National Office personnel to assist, it would not have been possible for me to have accomplished so much.

The Credit Women's Breakfast Clubs of North America, the Associated Credit Bureaus of America, the individual Credit Bureau Managers and the Collection Service Division have helped immeasurably and have been most cordial to me in offering to do more.

During the year just closed, which has probably been the most trying in the nation's history, some important happenings have been recorded that will make world history.

Probably the most outstanding accomplishments of my administration were the favorable amendments to Regulation W, the result of recommendations of the Legislative Committee; and the passage by Congress, on March 3, 1944, of the Kefauver Bill, H.R. 2985, permitting the garnishment of salaries and wages of civil employees of the Federal government. This bill is now in the hands of a subcommittee of the Senate, of which Senator Carl Hatch of New Mexico is Chairman. It is hoped the action of the Committee will be favorable.

To our capable Secretary and Research Director, Arthur H. Hert, we owe much for the excellent job he

is doing. His work could be made much easier and the results accomplished would be more valuable if the members would cooperate to a greater extent. In my travels over the country, many comments have been made to me about the selection of articles for The CREDIT WORLD, and I felt quite happy about the many compliments.

I have made a special effort in my travels to include in my itinerary small cities and towns that have not previously been visited by a National president. In all of these places I was enthusiastically and courteously received, and one recommendation I am making for future presidents is that more of the smaller cities be visited. It will help the National grow, and bring these smaller groups closer to our Association. During my travels, which were quite extensive, I visited 45 cities in 22 states, covering 98 days.

Our membership showing during the year was quite satisfactory and as of April 30 it numbered 15,067.

During the year, we lost the services of our good friend, J. Gordon Dakins, and it will be difficult for us to find someone as capable, as a replacement. We had grown to respect and admire him for his ability, and the National Office will miss him.

Because of conditions there were very few credit classes conducted during the year. It is important that just as soon as these can be resumed that this be done.

There are important months ahead and they will bring new and difficult problems, but those in the credit profession have shown that they can meet any emergency. With the help of our Association, we know that we can expect from them a performance that will bring more recognition to all of us. Credit managers all over the nation have shown that they have the ability to operate successfully, and management realizes more and more the value of the Credit Department in the successful operation of the business.

During my term of office, I have made many friends whom I regard in high esteem. I hope to keep in touch with them and shall always be happy to see or hear from them. I have many pleasant memories of my Association activities which I will always cherish and long remember.

# *Report of the General Manager-Treasurer*

## L. S. Crowder

IT IS MY PRIVILEGE to again report to you the progress of our Association for the period from June 1, 1942 through April, 1944.

### Finances

Cash on hand and in bank April 30, 1944 was \$8,216.06, United States Bonds \$7,580, and Canadian Bonds \$4,500, a total of \$20,196.06. This compared with \$20,947.75, May 31, 1942. There are no current liabilities and the policy of paying all bills the month in which they were incurred has been followed since the early part of 1935.

### Membership

Considering conditions and the fact that many credit granters have been forced to discontinue business, our showing for the period of nearly two years has not been altogether unsatisfactory. As of April 30, 1944, our membership was 15,067, a loss of 1,428 members in the past twenty-three months. In the eleven months since May 31, 1943, new members have totaled 1,264, compared to 1,131 in the same period ended April 30, 1943. Cancellations totaled 1,399, compared to 2,313 for the eleven months ended April 30, 1943. Membership

activities in the past three months have been encouraging and look brighter for next year. We are at least over the worst hurdle, as indicated by the material decrease in cancellations. For the period June 1, 1943, through April 30, 1944, District 10 was first with 208 new members; District 6 second with 189 and District 8 third with 112. Districts 5, 8 and 10 are now conducting membership drives, with good results. St. Paul headed the list in membership gains, with a net increase of 142. All members of the St. Paul Credit Bureau are now National members.

### Credit Education

Our extension courses in *Retail Credit Fundamentals* and *Streamlined Letters*, which were announced in February, 1943, have been enthusiastically received. They will be continued for the duration, at least, and possibly permanently. The Better Letters Service, inaugurated in July, 1943, has created considerable interest. Subscribers to the service are appreciative of this splendid aid.

*Retail Credit Management*, the second book of our series on credit by Dr. Clyde Wm. Phelps, the manuscript of which was completed just prior to Pearl Harbor, is being revised at this time and as soon as possible after Victory it will be published.

### Resignation of Our Educational Director

It was with regret that we announced, in the March CREDIT WORLD the resignation of Mr. J. Gordon Dakins. A native of Canada, and a resident of Toronto at the time he was engaged as Educational Director, Mr. Dakins was with us for slightly more than two years. His services were highly satisfactory and in his contacts he made many friends for the National.

In January, 1944, Mr. Lew Hahn, General Manager of the N.R.D.G.A., informed us that Mr. Dakins had been nominated for the position of Manager of the Credit Management Division of that Association, and asked for the privilege of negotiating with him. I pointed out to Mr. Dakins that, in my opinion, his connection with the N.R.C.A. offered a brighter future for him over a period of years, but after serious consideration, he decided that it was to his interest to accept the offer of N.R.D.G.A. I accordingly informed Mr. Hahn that he could feel free to negotiate with Mr. Dakins. We predict that he will be outstandingly successful in his new position and he has our best wishes.

### National Legislation

The Legislative Committee, always active, has been particularly so the past year. The outstanding achievement was the passage by Congress, on March 3, 1944, of the Kefauver Bill, H.R. 2985, providing for the garnishment, execution or trustee process of wages and salaries of civil employees of the United States. This bill is now in the hands of a subcommittee of the Senate Judiciary Committee, of which the Hon. Carl Hatch of New Mexico is Chairman. The favorable action of that committee is hoped for in the near future.

At its meeting in Washington on February 16, 1944, the Legislative Committee, with Chairman Erwin Kant presiding, made five recommendations to the Board of Governors of the Federal Reserve System for amendments to Regulation W, of which three were approved by the Board (Page 15, May CREDIT WORLD). I am

sure the entire membership joins with the officers and directors in thanking the Committee members, with special thanks to our Washington Representative, Mr. R. P. Shealey, for their splendid efforts in behalf of the retail credit granters of the nation.

### Personal Contacts

For the year ended May 31, 1943, I was in the field three months and visited 54 cities in 21 states and the provinces of British Columbia, Alberta and Manitoba, Canada. From June 1, 1943 through April 30, 1944, I was in the field three and one-half months and visited 43 cities in 23 states and the provinces of British Columbia and Ontario, Canada.

### Regulation W

At the Retail Credit Forum sponsored by our Association and held in St. Louis in June, 1943, it was recommended that Regulation W be discontinued with the end of the war. President White appointed 110 Post War Planning Committees, located from coast to coast. The personnel of the committees is representative of the principal lines of credit granting. I shall not cover the subject further, as the General Chairman of the Committee, Mr. L. W. Hilbert, will present his report to this Convention. Many of the recommendations have been tentative and it is expected that the committees will continue to function for the duration.

Regardless of how we may feel about Regulation W—and there is sentiment for and against the Regulation—I would be remiss in my duties if I failed to acknowledge the splendid cooperation of the Federal Reserve Board and the banks of the Federal Reserve System in the administration of Regulation W. I am sure we are all agreed that no other agency would have handled a difficult assignment in such an excellent manner.

### Cooperation

It was not possible for President Burris to do a great deal of traveling during his administration, because of abnormal personnel problems. However, he did make several important trips and visited the National Office on two occasions. Although we were budgeted to show a deficit during his administration, we bettered our cash position, notwithstanding the fact that there was a decrease in membership. We are indebted to the management of the John Taylor Dry Goods Company for their cooperation.

President White was able to spend considerable time visiting National units and, in a number of instances, smaller cities in which we were not organized. Mr. White was away from his office about three months. On one trip he was absent for a period of three weeks. We express to the management of Harris Stores Company our appreciation for their liberality and cooperation in granting Mr. White unusual leaves of absence to permit him to meet the many demands of our Local Associations for personal visits to their cities.

The splendid cooperation of the officers and directors of this Association, the personnel of the National Committees, Washington Representative Shealey, National Office personnel, and the membership as a whole—both Credit Managers and Bureau Managers—is responsible for the continued success of our Association. This cooperation is gratefully acknowledged.

# Collection Scoreboard

May, 1944

May, 1943

CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES						
	1944			1943			1944			1943			1944			1943			1944			1943			
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	
Baltimore Md.	58.9	66.2	50.8	57.6	63.3	51.2	30.7	47.7	22.1	31.3	46.2	20.6	56.8	62.9	51.8	58.4	62.6	53.2	50.7	53.7	47.8	49.4	50.0	48.9	
Birmingham Ala.	61.3	68.9	52.5	63.1	70.4	53.0	34.3	40.0	28.0	32.0	38.2	24.0	53.3	58.0	44.5	50.2	54.0	43.5	76.2	94.3	66.2	65.6	68.1	62	
Boston Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Cedar Rapids Ia.	77.1	82.0	71.5	75.4	80.0	28.4	33.2	36.6	29.8	35.7	40.0	31.5	—	—	—	—	—	—	83.0	88.4	77.7	78.7	80.1	77.0	
Cincinnati Ohio	—	—	—	87.6	71.7	65.0	—	—	—	30.4	37.6	26.1	—	—	—	57.4	69.2	42.7	—	—	—	60.8	64.5	57.0	
Cleveland Ohio	64.2	71.7	62.2	63.6	70.5	55.3	37.8	44.1	33.0	35.4	39.9	26.8	60.2	66.5	53.2	57.5	87.7	54.4	63.9	100.1	57.4	59.1	94.6	56.1	
Columbus Ohio	67.9	73.0	62.8	66.7	71.8	61.6	36.5	44.9	31.9	32.4	34.4	29.5	62.3	69.8	53.1	63.6	67.0	53.1	—	—	—	—	—	58.7	
Davenport Ia.	—	—	—	—	58.8	—	—	—	—	28.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Denver Colo.	64.7	68.3	61.6	63.4	68.8	62.2	30.2	35.7	23.7	30.2	39.6	26.5	61.6	63.7	55.7	63.6	65.1	53.6	59.7	63.7	55.7	58.6	63.6	53.6	
Des Moines Ia.	65.4	68.3	62.4	61.7	66.8	56.7	—	—	—	29.2	—	53.2	71.6	54.1	53.0	78.0	52.3	69.1	82.2	56.1	70.6	70.6	70.6	70.6	
Grand Rapids Mich.	67.8	69.9	66.4	67.2	71.1	63.9	31.8	32.3	31.2	32.8	33.0	32.1	55.8	65.9	49.4	57.0	63.9	52.0	80.4	87.0	75.1	66.3	82.0	55.5	
Kansas City Mo.	62.5	67.4	57.7	60.4	62.1	58.7	—	34.1	—	29.2	—	68.7	76.6	65.0	61.6	68.1	51.0	68.7	76.6	65.0	61.6	68.1	51.0	51.0	
Los Angeles Calif.	—	—	—	76.3	80.0	73.6	—	—	—	32.6	37.5	27.6	—	—	56.1	70.3	55.0	—	—	—	69.6	86.7	56.4	56.4	
Louisville Ky.	64.3	65.5	63.0	63.5	64.4	62.7	34.9	44.1	28.1	31.2	35.5	28.0	60.5	69.7	56.0	56.8	63.7	52.0	63.5	65.6	61.5	55.6	65.6	45.6	
Lynn Mass.	66.8	70.8	56.9	65.8	76.0	61.9	44.3	52.4	36.2	47.1	52.8	41.5	—	—	—	—	—	—	—	—	—	—	—	—	
Milwaukee Wis.	68.2	70.4	66.0	69.2	73.9	64.4	34.6	39.0	30.9	33.5	36.3	29.9	63.0	67.0	59.0	58.9	65.1	41.8	—	59.0	—	—	59.5	—	—
Minneapolis Minn.	80.7	83.9	76.6	80.6	82.4	79.3	42.2	45.5	36.5	41.5	52.6	31.7	74.4	76.6	72.1	77.9	80.3	75.5	71.2	79.8	63.7	65.5	75.3	59.6	
New York N.Y.	59.5	67.6	42.0	57.7	77.8	45.4	25.6	43.6	20.5	24.8	39.6	19.2	49.8	56.1	41.4	54.4	57.6	44.8	—	68.7	—	59.6	64.3	54.9	
Oakland Calif.	73.3	74.2	70.9	70.9	72.4	68.5	38.4	48.6	34.3	35.7	46.0	27.6	61.0	68.3	53.7	59.4	66.2	52.7	63.4	68.8	56.0	63.0	65.2	52.5	
Pittsburgh Pa.	59.5	68.0	52.7	60.0	66.4	52.3	29.1	37.7	19.7	27.5	36.5	17.7	57.3	68.0	43.8	58.0	66.4	45.6	—	—	—	—	—	—	
Providence R.I.	55.1	67.0	50.0	56.2	65.7	48.9	—	29.0	—	30.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
St Louis Mo.	—	—	—	72.9	79.3	68.7	—	—	—	32.9	41.2	28.5	—	—	59.8	71.4	53.0	—	—	54.2	62.0	49.2	—	—	
St Paul Minn.	69.1	78.5	59.0	70.0	74.7	55.3	34.2	50.3	21.7	—	—	—	61.5	63.9	59.1	60.2	65.5	54.0	63.8	70.8	57.0	60.2	69.1	44.0	
Salt Lake City Utah	82.6	85.5	79.4	81.3	83.6	79.8	32.8	34.4	31.6	34.7	38.0	32.2	—	—	—	—	—	—	—	—	—	—	—	—	
San Antonio Texas	65.0	67.5	61.4	68.0	69.0	52.0	—	24.3	—	—	—	—	65.9	69.0	50.3	64.0	68.9	52.3	—	68.0	—	—	84.0	—	—
San Francisco Calif.	—	—	—	64.7	74.7	60.3	—	—	—	35.0	36.5	27.3	—	—	49.5	57.3	46.3	—	—	58.7	59.6	50.7	—	—	
Santa Barbara Calif.	69.8	80.2	61.2	64.6	77.3	47.2	—	—	—	—	74.1	97.8	62.1	58.5	66.5	54.2	82.8	98.3	65.0	80.7	99.1	53	—	—	
Sioux City Ia.	71.5	73.7	69.4	68.1	68.9	67.4	31.1	31.1	31.1	23.3	27.5	19.1	—	67.0	—	—	59.0	—	—	89.3	—	—	70.8	—	—
Springfield Mass.	72.4	77.7	67.1	73.0	78.3	67.6	27.7	28.0	27.3	28.6	32.0	25.1	75.1	75.8	74.2	74.1	81.9	78.3	64.0	65.0	63.0	64.5	67.0	62.0	
Toledo Ohio	66.9	72.1	61.8	66.2	71.2	52.8	26.0	30.7	25.4	28.9	36.1	23.9	70.0	83.0	60.4	—	59.8	—	53.2	54.0	52.4	50.5	51.3	49.7	
Washington D.C.	60.7	66.4	56.4	58.9	63.9	52.7	24.9	28.7	22.8	24.1	30.4	20.3	—	—	—	—	—	—	—	—	—	—	—	—	
Worcester Mass.	63.3	65.4	61.2	65.5	69.4	61.7	—	30.1	—	—	29.4	—	58.3	58.7	55.0	59.4	62.0	58.4	—	58.0	—	—	60.0	—	—
Youngstown Ohio	63.1	70.9	48.0	65.5	69.5	49.0	27.8	30.7	25.0	23.7	26.9	20.6	—	—	—	—	—	—	64.3	74.7	54.0	64.9	74.3	43.0	
Regina Sask.	77.1	84.0	66.6	76.8	83.0	69.7	28.0	29.3	27.0	26.9	27.0	25.2	—	—	—	—	—	—	—	—	—	—	—	—	
Vancouver B.C.	103.1	127.1	82.6	85.9	93.4	78.4	39.5	42.5	36.4	35.9	38.0	33.8	—	—	—	—	—	—	—	—	—	—	—	74.4	
Victoria B.C.	78.7	85.6	71.9	85.5	92.5	78.4	46.8	47.0	46.7	38.0	38.0	38.0	—	—	—	—	—	—	—	—	—	—	—	—	

the instalment business after the war; operating economics; simplified credit operations; and the future of Regulation W, were some of the subjects discussed. It will be well worth an investment of \$2.50 to obtain a copy of this valuable booklet whether you attended the Conferences or were unable to be at the Convention. A limited number will be made up, so please send in your order early. Copies may be ordered by writing NOW to the National Retail Credit Association, 218 Shell Building, St. Louis 3, Mo.

Arthur H. Hert.

THIRTY-SIX KEY CITIES CONTRIBUTE THESE FIGURES MONTHLY

# MAP OF BUSINESS CONDITIONS

For the first time in over five years, the volume of trade and industry shows no marked gain over the preceding year. Business activity is slightly less than 1 per cent higher than it was a year ago and in many places it is somewhat below. The rate is still high and it is holding quite steady but in most regions and in most industries it is not expanding as it has been since early in 1938. Although business is not expanding, neither is it declining in any significant way. The current outlook is for a continuation of the present high rate indefinitely. In many respects, business is more nearly uniform and stable than usual and at least a temporary stability has been achieved.

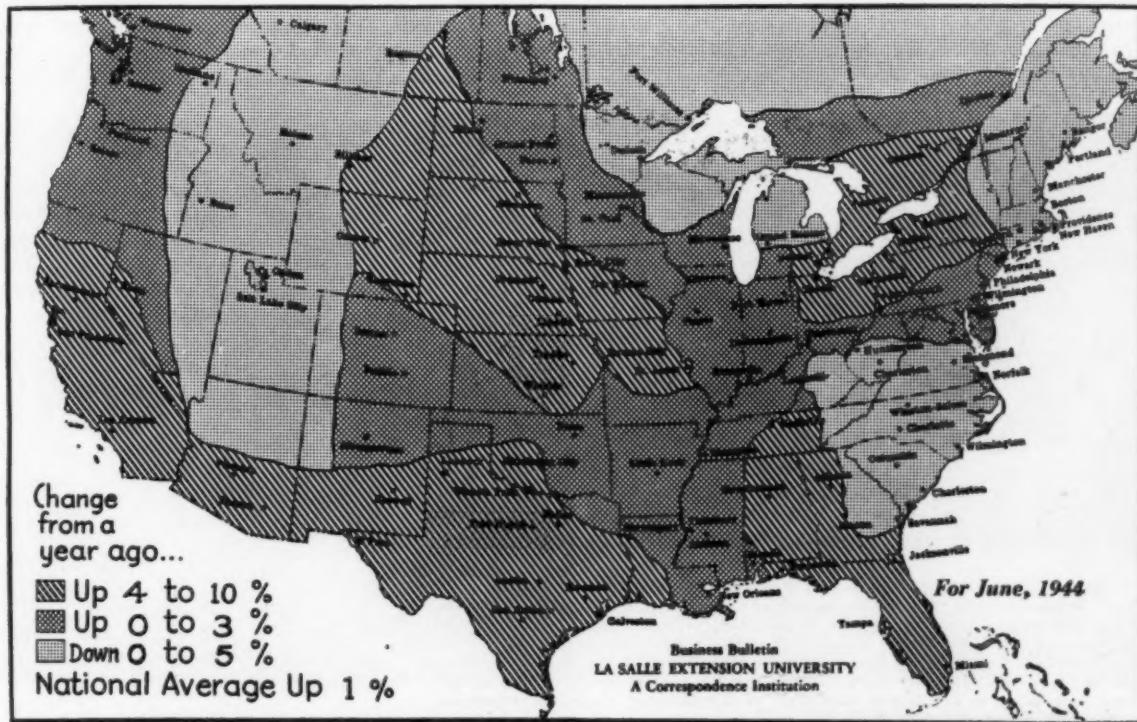
Gains over last year have been greatest in four major regions. In three of them the war production program and military factors are the main direct causes while in the other region agricultural conditions are most significant. Around the Great Lakes, war plants are still operating at close to capacity and the large pay rolls stimulate business of all kinds. In the West and some parts of the South, war plants and shipyards are also largely responsible for maintaining a high level of business activity. In other parts of the South, the spending in connection with the military training camps has been the major stimulus to a greater volume of business.

Business is lagging behind in the New England states and in the Southeast. Part of this less favorable comparison is due to the fact that business volume in these regions was quite high last year.

Another area of lagging business is the Mountain States, where mining and related activities have changed but little during the last few months. Even in the oil producing regions, the volume of business has not risen nearly so much as would be indicated by the large increases in the output of crude oil.

Conditions are about average in much of the Middle West and also in the Pacific Northwest. Farm income is higher than it was a year ago, largely because of greater increases in the marketing of livestock.

In Canada, the most striking improvements continue to be made in the industrial regions north of the Great Lakes. Business is also fairly good in the West. In most ways, trends in Canada are quite similar to those in the United States.



## "Letters"

(Beginning on page 10)

account, the facilities of both stores are available to them.

Recently, we received a letter from one of our members, who seemed to think that letter No. 2 which appeared in the May CREDIT WORLD might violate the provisions of Regulation W. We referred this to Mr. W. A. Atkinson, Credit Manager of Hurley's, Camden, New Jersey, who replied with the following statement:

"We found over a period of time, numerous inquiries coming to our attention by customers asking if they might purchase other merchandise when they still owed a balance on their instalment accounts.

"Our letter was intended to encourage this sort of buying rather than have the account become paid-out and inactive which so often happens these days. The customer, of course, complies with the Regulation as regards down payment and terms, and I fail to see any inference that would seem to in any way be contrary to Regulation W. However, I have discussed our letter with Mr. Vergardis of the Federal Reserve Board, Philadelphia district, who sees nothing in the letter that might be construed to be a violation of the ruling.

"Since the Regulation has been in effect, we have not only fully complied with the ruling, but have refrained from any advertising that might be misunderstood or misconstrued.

"Thank you for bringing the matter to our attention, and we hope our explanation may clear the situation for all concerned."

# CREDIT FLASHES

## Canadian Credit Meeting

The first annual convention of the Credit Grantors of Canada will be held in Winnipeg, Manitoba, Canada, August 20, 21 and 22, 1944.

## New Manager of N. Y. Credit Men's Adjustment Bureau

Robert Erskine, formerly Credit Manager of Gimbel Bros., New York City, is now Manager of the Adjustment Bureau of the Credit Bureau of Greater New York, Inc. He succeeds Joseph A. Brown who resigned because of ill health.

## Simpson Heads Wholesale Credit Men

Robert L. Simpson, C. T. Patterson Co., Inc., New Orleans, La., was elected President of the National Association of Credit Men at the War Credit Congress held in Omaha recently. Joseph Rubanow of Manufacturers Trust Co., New York, Paul Pflueger, I. Koshland Co., San Francisco, and Charles B. Raardon of Owens-Illinois Glass Co., Toledo, were elected Vice-Presidents. New directors are: Harry C. Jackson, American Hdwe. Corp., New Britain, Conn.; Charles E. Fernald, Chas. E. Fernald & Co., Philadelphia; Corbin Woodward, Chattanooga Medicine Co., Chattanooga, Tenn.; Edw. N. Ronna, Cook Paint & Varnish Co., Kansas City; John E. Hoff, Klearflax Linen Looms, Inc., Duluth; C. C. Rickhoff, Rath Packing Co., Waterloo, Ia.; Hugh C. Morey, Stearns, Roger Mfg. Co., Denver; and Francis H. Eichler, Federated Metals Division of the American Smelting & Refining Co., San Francisco.

## Coming District Meetings

Districts Three and Four (Florida, Georgia, North Carolina, South Carolina, Alabama, Louisiana, Mississippi, and Tennessee)—Southern Conference—will be held in Nashville, Tennessee, on August 14, 15 and 16.

## Rocky Mountain Credit Women Elect

The Credit Women's Breakfast Club of the Rocky Mountain Council elected the following officers and directors at their annual meeting in Denver, Colo., March 19-21: President, Mrs. Mary O. Bristow, Credit Reporting Company, Colorado Springs, Colo.; Vice-President, Miss Virginia Cannon, Goodrich Silver-town, Salt Lake City, Utah; Treasurer, Miss Alta Booth, Ogden Buick Sales Company, Ogden, Utah; Secretary, Miss Freda Oster, Weld County Credit Association, Greeley, Colo.; and Historian, Miss Rose Ochiato, Crews-Beggs Dry Goods Co., Pueblo, Colo.

## Mrs. Annie Witchell

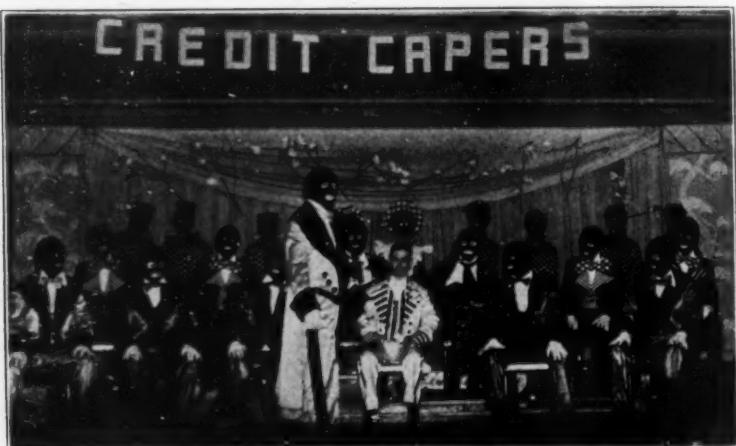
Mrs. Annie Witchell, wife of C. C. Witchell, Sr., Secretary-Manager of the San Antonio Retail Merchants' Association and former Credit Manager for the Wolff & Marx Co., died in San Antonio, recently. She is survived by her husband, a son and two daughters.

## A. J. Freiman

A. J. Freiman, President, A. J. Freiman, Ltd., Ottawa, Ont., died at the age of 69. More than 3,000 attended the funeral, including many from New York and Montreal. The Prime Minister of Canada called to pay his respects. Burial was in Ottawa.

## Management Control Publication Available

Management officials have shown considerable interest in the March-April issue of *Systems* magazine published by the Systems Division of Remington Rand Inc. This colorful, 112 page book comprehensively covers many of the administrative methods and record systems which are being used by business and industry throughout the Pacific Coast states. Sections are devoted to concise descriptions of many systems which have simplified operating procedures and resulted in more positive executive controls for shipyards, aircraft companies, manufacturing plants and commercial organizations. A limited supply of this special issue is available and copy may be had by writing Remington Rand Inc., 465 Washington St., Buffalo 5, New York.



\* A special feature of the annual Twin-Mix of the Minneapolis and St. Paul Retail Credit Associations was a minstrel show, "Credit Capers" presented by 25 members of the Minneapolis Association. The minstrel was produced and directed by Madge and Oscar Van Lander, who were presented with an "Oscar" for outstanding performances. Mr. Van Lander is Credit Manager of John W. Thomas & Co., Minneapolis. Attendance at the affair, which took place in the Grand Ballroom of the Nicollet Hotel, Minneapolis, on April 18, numbered 340.

#### Officers and Directors

## Credit Women's Breakfast Clubs of North America

At the annual meeting held during the National Convention in Milwaukee, May 15-18, the Credit Women's Breakfast Clubs of North America elected the following officers and directors for the ensuing year: President, Mrs. Kitty Lofton, Genuine Parts Co., Atlanta, Ga.; First Vice-President, Stephanie Dougherty, I. Magnin & Co., San Francisco, Calif.; Second Vice-President, Rosalie Palmer, The Bailey Co., Cleveland, Ohio; Recording Secretary, Agnes Moyer, Berks Products Corp., Reading, Pa.; Corresponding Secretary, Mrs. Elsie Hinds, Community Loan & Investment Corp., Atlanta, Ga.; Financial Secretary, Norma Colburn, Bareco Oil Co., Tulsa, Okla.; Treasurer, Eleanor Wilson, Anderson Furn. Co., Duluth, Minn.; Historian, Mrs. Lucille Reynolds, Coffey Clinic, Fort Worth, Texas; Educational Chairman, Mrs. Helen Lybold, Weinberg's, Butte, Mont.; and Future Advantages Chairman, Mrs. Dorothea Wilbur, Boston Shoe Store, Portland, Me. Directors: Mrs. Laura Geren, Boston Store, Fort Smith, Ark. (Past President); Sally Hammond, Tilden Thurber Co., Providence, R. I.; Mrs. Jennye Lemon, Hopkins Equipment Co., Atlanta, Ga.; Betty Brandon, Brandon Doctors, Lorain, Ohio; Eleanor Wilson, Anderson Furn. Co., Duluth, Minn.; Essie January, Stix, Baer & Fuller Co., St. Louis, Mo.; Mary Bristow, Credit Bureau, Colorado Springs, Colo.; Sally Sansom, Sally's Flower Shop, Fort Worth, Texas; Edna Brill Ray, Tacoma, Wash.; Lucy McClurg, Glen



Mrs. Kitty Lofton

## District One at Swampscott

The following officers and directors of District One were elected at the annual meeting on June 7, 8, and 9, held at Swampscott, Massachusetts: President, Wm. J. Kirby, Gilchrist Co., Boston, Mass.; Vice-President, Wm. H. Cawley, Albert Steiger Co., Springfield, Mass.; and Secretary-Treasurer, Marshall W. Hunt, Lynn Credit Bureau, Lynn, Mass. Directors: Wm. F. Kalaus, Meigs & Co., Bridgeport, Conn.; Chas. E. Donilon, Boston Store, Providence, R. I.; Donald F. French, Central Maine Power Co., Augusta, Maine; Louis T. McMahon, Wm. Filene Sons Co., Boston, Mass.; John F. Madden, Chandler & Co., Boston, Mass.; John A. Hendry, J. A. Ogilvy Ltd., Montreal, Quebec. Joel J. Pincus, The Outlet Co., Providence, R. I., is National Director, and Wm. J. Kirby, Alternate National Director.

## Position Wanted

CREDIT DEPARTMENT OR BUREAU MANAGEMENT. Progressive executive-attorney with 15 years' experience in retail credits-collections. Interested in connection where initiative, resourcefulness and good judgment can be fully utilized. Draft exempt. Address Box 471, CREDIT WORLD.

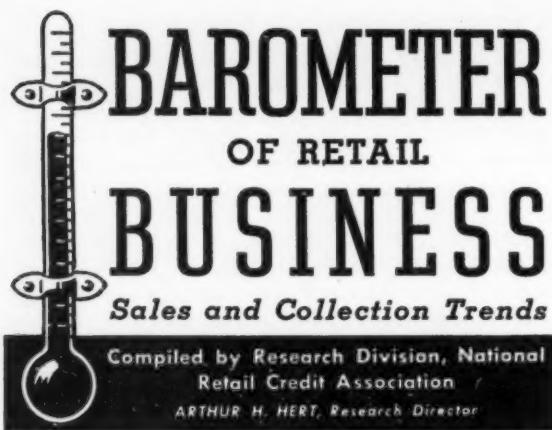
## Help Wanted

BUREAU MANAGER: Retail Credit Bureau with a collection department in a fast growing city in Southern California with population of 25,000 and reporting territory of an additional 40,000. Woman with bureau experience preferred. Address Box 472, CREDIT WORLD.

C. Slater Co., San Francisco, Calif.; Edna Kennedy, Jonasson's Pittsburgh, Pa.; and Ruth Rosencrants, Plant-Kerger Co., Kankakee, Ill.



• Part of the general sessions crowd—31st annual Conference and Credit Sales Forum, Milwaukee, May 16-18.



### May, 1944 vs. May, 1943

**C**OLLECTIONS INCREASED 1.1 per cent during May; credit sales increased 2.9 per cent; and total sales increased 12.1 per cent in the 30 cities reporting in the United States and Canada, as compared with May, 1943. The increase in credit sales was attributed to a brisk demand for seasonal merchandise. The increase in total sales was not as great as in April.

Highlights of the monthly analysis are shown in the tables below:

#### Highlights for May

30 Cities reporting.  
9,686 Retail stores represented.

#### COLLECTIONS

- 17 Cities reported increases.  
1.1% Was the average increase for all cities.
- 9.6% Was the greatest increase (Houston, Texas).
- 1 City reported no change (Wheeling, W. Va.).
- 12 Cities reported a decrease.  
6.7% Was the greatest decrease (Bryan, Texas).

#### CREDIT SALES

- 18 Cities reported increases.  
2.9% Was the average increase for all cities.
- 20.0% Was the greatest increase (Cedar Rapids, Ia., and Miami, Fla.).
- 12 Cities reported a decrease.  
5.8% Was the greatest decrease (Dallas, Texas).

#### TOTAL SALES

- 26 Cities reported increases.  
12.1% Was the average increase for all cities.
- 34.0% Was the greatest increase (Dallas, Texas).
- 4 Cities reported a decrease.  
5.0% Was the greatest decrease (Youngstown, Ohio).

## Recent Elections

### Salt Lake City, Utah

At the annual meeting of the Associated Retail Credit Men of Salt Lake City, held February 15, the following were elected to serve as officers and directors for the ensuing year: President, Harold Gloe, Morrison Merrill & Co.; Vice-President, Wendell B. Romney, Zions Co-Operative Mercantile Institute; Treasurer, Geo. E. Burton, H. Dinwoodey Furn. Co.; and Secretary-Manager, Harry P. Earl. Directors: Kenneth Todd, Mountain States Tel. & Tel. Co.; Alex J. Jex, Peoples Finance & Thrift Co.; L. E. Banker, Utah Oil Refining Co.; Roderick E. Langton, Salt Lake Tribune Co.; Fred E. Pike, Walker Bank & Trust Co.; and H. Robert Pedersen, Bamberger Coal Co.

### St. Petersburg, Florida

At the annual meeting of the Associated Retail Credit Grantors of St. Petersburg, Inc., held May 15, the following were elected officers: President, Harold P. Bennett, Citizens Finance Co.; Vice-President, Lorin B. Smith, Rieck & Fleece, Inc.; Secretary, F. B. Duryea, Credit Bureau of St. Petersburg; and Treasurer, Everett Sumner, Florida Power Corp. Directors: Carl H. Papier, St. Petersburg Times; and Odes T. Pogue, Pinellas Lumber Co. Other directors, held over, are: A. R. Spaulding, Spaulding Feed; and Mrs. Maude Wilkinson, Wilson-Chase Co.

### Boston, Massachusetts

At the annual meeting of the Retail Credit Association of Boston, the following officers and directors were elected for the coming year: President, Albert A. McDonald, Wm. Filene's Sons Co.; 1st Vice-President, Joseph L. Fowler, Jordon Marsh Co.; 2nd Vice-President, Harold E. McManus, T. D. Whitney Co.; Treasurer, Rowe A. Gladwin, First National Bank of Boston; and Secretary, Wm. J. Starr, Merchants' Credit Bureau, Inc. Directors: James A. Mawn, Gulf Oil Co.; Harry A. Hartford, Paine Furniture Co.; and Miss Frances Hernan, Massachusetts General Hospital.

### Omaha, Nebraska

The Associated Retail Credit Grantors of Omaha elected the following officers and directors for the ensuing year: President, Jack Rhoades, Omaha National Bank; 1st Vice-President, Al. Johns, Omaha Printing Co.; 2nd Vice-President, Kate Bristow, Berg Clothing Co.; Secretary, Allen T. Hupp, Associated Retail Cr. Bureau; Assistant Secretary and Treasurer: Earl Higgins, Associated Retail Cr. Bureau; and Chairman of the Board, Harry O. Wrenn, Nebraska Clothing Co. Directors: Orin T. Goodwin, United Financial Service; Gladys O'Donnell, Herzberg's; Yvonne Hoffman, Wimsett System; Dessie Clark, J. L. Brandeis & Sons; L. D. Wilson, Roberts Dairy; and Nels Velander, Boyer Lbr. & Coal.

# Report of Post War Planning Committee

Chairman, L. W. Hilbert, Credit Manager, Stewart & Co., Baltimore, Md.

Co-Chairman, E. E. Paddon, Credit Manager, Lammert Furniture Co., St. Louis, Mo.

(Mr. Paddon read this report at the Milwaukee Conference for Mr. Hilbert who was unable to attend.)

**I**T IS SIGNIFICANT that the Post War Credit Planning Committees throughout the United States, numbering one hundred and ten, should manifest such keen interest and enthusiasm on this subject.

Possibly, I should preface this report, by directing your thinking to the following Resolution adopted at the Retail Credit Forum of the National Retail Credit Association held in St. Louis, June 15 and 16, 1943:

NOW, THEREFORE, BE IT RESOLVED, By the delegates to the Retail Credit Forum of the National Retail Credit Association held in St. Louis, Missouri, June 15-16, 1943,

1. That in the interests of free enterprise, the control of retail credit shall be returned to American business at the end of the war and removed from Government restrictions or supervisions;
2. That merchants and credit granters throughout the nation be urged to base their post-war credit policy on a sound and sane attitude which will permit credit to be extended only within the limits of certain well-defined terms;
3. That the National Retail Credit Association exert its best efforts to secure the termination of Regulation W or any other consumer credit regulation at the end of the war.

## Cleveland Resolution

Many such resolutions have come into the National Office and this one from Cleveland is symbolic of the many received:

Following the cessation of combat, and until such time as the country again experiences a fair degree of balance between production and consumption, there will necessarily be a continuation of the present "economic emergency." This is due to the vast dislocations that we are experiencing under the stress of great war effort, which will have to be adjusted.

As to how long the "post-combat" period of readjustment will be, and just what it will entail, is difficult to say. It is desirable that it be as short as possible, and every effort toward this end will doubtless be made. During the readjustment, it is reasonable to expect a continuation of Governmental economic controls, modifications in them being in order as progress in our return to normalcy is made.

When our economy again approximates normal, it is the position of this Committee that the Government should then turn back to the people, and to business, such extra powers as have been granted to and assumed by it. This includes Regulation W of consumer credit. (One vote of our committee favors Government retaining some broad, general control of retail credit.)

"The Federal Reserve Board and Banks have been cooperative and helpful in connection with Regulation W, and our Committee feels that any control of retail credit by Government should be handled only through the Federal Reserve Board.

"Regulation W has its good points. These should be retained. The Code of Ethics of the National Retail Credit Association should be enlarged to include a national 'Code of Retail Credit Good Practices' and these should be voluntarily adhered to. As to the 'post-

combat' readjustment period, a modified Regulation W could serve agreeably, up to the time of its relinquishment."

From St. Louis, Missouri, we have the following resolution:

WHEREAS, Regulation W has long since accomplished the purpose for which it was intended; and

WHEREAS, The need for credit regulation therefore no longer exists; and

WHEREAS, Responsibility for efficient credit control can, during this war period, be safely placed in the hands of independent merchants; and

WHEREAS, The National Retail Credit Association has a Committee at work, giving thought to a post-war credit policy throughout the nation, that will make for a sound credit economy based on terms conducive to the national welfare,

WE DO HEREBY RESOLVE AND RECOMMEND, That Federal control of consumer credit (Regulation W) be terminated as soon as possible.

From a close study of these and the many others received, it is evident that the control of retail credit should be RETURNED TO AMERICAN BUSINESS now, or with the least possible delay.

I wish to quote from that excellent article in the February CREDIT WORLD, by Leonard Berry, of Rochester, New York: "Only under the grave necessity of a war, in which the greater part of our national efforts and resources are channeled into creation of destructive implements and not constructive things, would such an unnatural imprisonment of the delicate tool of credit receive the slightest nod of approbation from businessmen.

"Only the over-all national need for control of our finances and protection from the deadly ravages of inflation would justify for a single instant this constriction of our rightful freedom in carrying on our business enterprise.

## Only An Emergency Could Cause It

"Only the most violent upset of the laws of supply and demand would countenance this thrusting of an official finger in the wholesale and balanced mechanism of store-customer relations.

"Only the raging of a world war would warrant the substitution for individual liberty of the binding and rigid mandates of government regulation emanating from cloistered seclusion and from the minds of economists far removed from the busy marts of active trade.

"Only the timid and shortsighted credit executive would welcome perpetual substitution of his own powers of credit judgment and discrimination by the cold and unfeeling rules of government remote from the busy and teeming arteries of retail life."

There is no question but that this Regulation has served its purpose, at least in part, and we are deeply indebted to the Federal Reserve Bank for its helpful assistance in its operation.

The moot question is, "When shall Regulation W be terminated?" Some say at the end of the war, some say at the end of the emergency. Does an emergency actually exist now? With the actual shortage of merchandise is it possible to conceive any merchant extending long terms with limited or small down payments? Or would the emergency end when our shelves are again replenished?

When the war in Europe is won, do you not believe that American business will be given the GO AHEAD sign in the manufacture of peacetime merchandise and that the many factories now on part-time war production will begin the normal manufacture of their several commodities with a minimum of delay?

Should retail credit not be prepared to take its proper place in this post-war period in rebuilding normal conditions? Do you not believe that the merchants of this country should be in a position to liberalize terms to assist the returning serviceman in re-establishing his position in his community? For the most part his income has been lower than the incomes of most of us in civilian life, and the present level of terms is beyond his reach.

Of course, we all know that a tremendous backlog of purchasing power has been built up through the sale of war bonds, but should we encourage the selling of war bonds to purchase any kind of merchandise? At the proper time, the liberalization of terms would do much to prevent the unloading of these bonds, and act as a definite deterrent to inflation. Far more effective than the control of installment credit, I believe.

In analyzing the terms of payment suggested by the various committees, it is not surprising to find a wide range in terms. It is natural that merchants operating along conservative lines would wish conservative terms, whereas, the more liberal merchants would naturally be in favor of terms with greater elasticity.

#### Suggestions of Various Committees

It is not the intention of the National Retail Credit Association to tell you how your credit department should be operated, nor the terms of payment that you should employ in the conduct of your business; nor is it the duty of the Post War Credit Planning Committee to lay definite rules, but merely to give you briefly, a synopsis of the reports that have been gathered together from the various committees.

There is a request from practically all communities for a service charge of 6% on installment accounts, though in a few instances the service charge suggested has been as high as 10%, but so few have expressed themselves in favor of a rate other than 6% that we might accept as reasonable a 6% charge for post-war planning.

In financing Clothing sales, the down payment suggestions have been almost universally 33½% with but very few desiring 20%. The terms to be extended in payment of such sales have averaged three to six months. A compromise for Post-war planning would be 25% down and six months for repayment.

In financing Furs, down payment suggestions range from 50% down to 20%, and terms of payment from six to twelve months. Reasonable terms for post-war planning would be 25% down and twelve months for repayment.

In financing Furniture, down payment suggestions range from 25% down to 10% down, and terms of repayment from twelve months to twenty-four months, with a larger percentage preferring eighteen months. Possibly, a plan calling for 20% down and eighteen months for repayment would be desirable.

In financing Rugs and Draperies, down payment suggestions range from 50% down to 10%, and terms of payment six months to twenty-four months, with a larger percentage favoring six to eighteen months. A few cities suggested terms for Rugs and Draperies separately and in these cities the terms were more liberal on Rugs than on Draperies, both as to down payment and monthly payment requirement. A good plan for Rugs would be 25% down and twelve months for repayment; for Draperies 25% down and six months for repayment.

In financing Radios, down payment suggestions range from 25% down to 10%, with a larger number favoring 20%, and terms of payment six months to eighteen months, with the majority favoring twelve to eighteen months. Would not 20% down and twelve months for repayment be acceptable?

#### Reasonable Terms and Down Payment

In financing Electric Refrigerators, down payment suggestions range from 25% down to 10% with one merchant suggesting \$5.00, and terms of payment averaged eighteen months to twenty-four months, with one merchant suggesting \$5.00 per month. The larger percentage, however, favored eighteen months. A reasonable plan would be 15% down and twenty-four months for repayment.

In financing Washing Machines, down payment suggestions range from 25% down to 10%; one suggested \$5.00. Terms of payment six to eighteen months; one suggested \$5.00 per month. Terms of 15% down and twelve months for repayment appear desirable.

In financing Electric Stoves, down payment suggestions range from 25% down to 10%; one suggested \$5.00. Terms of payment twelve to twenty-four months; one merchant suggested \$5.00 per month. Would 15% down and eighteen months for repayment meet the wishes of the majority?

In financing Other Appliances, down payment suggestions range from 33½% down to 10%, one merchant suggesting \$5.00. Terms of payment six to twelve months, and one merchant suggested \$5.00 per month. 15% down and twelve months for repayment seems desirable.

In financing Jewelry, down payment suggestions range from 50% down to 10%, and terms of payment from six to twelve months. As a compromise 20% down and twelve months for repayment is suggested.

In financing Automobiles, down payment suggestions range from 33½% to 20%, and terms of payment from

fifteen to twenty-four months. A safe plan would be 25% down and eighteen months for repayment.

During periods of inflation, the wise community would quite naturally curtail the time allowed for repayment and increase the required down payment, whereas, during a period of depression it is probable they would expand the terms of repayment and reduce the required down payment. This is just good credit, and sound merchandising.

I know of no better guide to sound credit than the Code of Ethics of the National Retail Credit Association which follows:

1. To encourage the broadest use of consumer credit consistent with sound business principles and the welfare of the community.
2. To protect the interests of credit granters and customers alike by obtaining credit reports on all applicants for credit, by reporting to the credit bureau unsatisfactory credit experiences and by declining to sanction unsafe credit risks.
3. To educate the public in the proper use of credit, as a relation of mutual trust, and to the value of establishing and maintaining good credit records.
4. To counsel and protect customers against the tragedy of going into debt beyond their ability to pay; to safeguard their credit standing by requiring payments according to agreement.
5. To cooperate wholeheartedly with other credit granters in matters of credit policies and credit terms affecting the business welfare of the community and the public good.

#### **N.R.C.A. Resolution**

The Resolution adopted by your National Retail Credit Association in June, 1943, is sound, but I believe that it should be redrafted to more pointedly establish the time that this Regulation W should be terminated, and I have recommended to the Resolutions Committee of this convention the following:

WHEREAS, The National Retail Credit Association has given continuous thought and study to Regulation W and its effects on retail credit since its adoption by the Board of Governors of the Federal Reserve System on August 21, 1941, and

WHEREAS, The business interests of the country are looking to the National Retail Credit Association to express its views as a result of such studies as to whether Regulation W should be continued after the war and, if so, to what extent and when it should be terminated;

NOW, THEREFORE, BE IT RESOLVED, By the delegates to the National Retail Credit Association Convention, assembled at Milwaukee, May 16 to 18, 1944, inclusive:

1. That Regulation W be revised as opportunity affords or occasion demands, with a view to making its administration as simple as possible, both from the standpoint of the Federal Reserve System and of the retail credit grantor for such time as Regulation W continues as a part of our national economic system;
2. That the National Retail Credit Association recognizes that Regulation W was adopted by the Board of Governors of the Federal Reserve System for the purpose of promoting the national defense and protecting the national economy, as set forth in Executive Order No. 8843, dated August 9, 1941, but believing that the administration of consumer credit should be returned to American business at the earliest possible moment consistent with the national economy, the National Retail Credit Association urges that Regulation W be terminated at the end of the National emergency as proclaimed by the President April 27, 1942, and that the members of the National Retail Credit Association lend their influence and support to that end.

(The above resolution was unanimously adopted at the Milwaukee Convention of the Association, May 18, 1944.)

# **1944 Department Store PROCEEDINGS**

• Complete report of the Department Store Group meetings at the Milwaukee Postwar Credit Planning Conference.

• This year's Conference was one of the largest in the history of the National. Important credit executives from all over the country took part in the most comprehensive discussion of postwar credit plans and problems ever held.

• Included in this valuable report will be all the addresses given at the three meetings, as well as the open forum discussions of such important subjects as simplified, nondescriptive and cycle billing, the future of Regulation W, etc.

*The price is only  
\$2.50 to Members—\$3.00 to  
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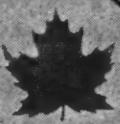
## **NATIONAL RETAIL CREDIT ASSOCIATION**

**Shell Building • St. Louis 3, Mo.**



# Granting Credit in Canada

J. H. SUYDAM . . . Canadian Correspondent



## Credit Sales Promotion

By Roy E. Baylis

THE WORDING of my topic, "Credit Sales Promotion" presupposes that management wishes to obtain extra volume by promoting credit sales, and lest there be any misunderstanding, let me assure you that the promotion methods which I review are not necessarily all original ideas of mine. There are few tricks in the sales promotion bag that have not been tried somewhere, but often a review of well-known material reveals some hidden value or suggests some angle that has not been thought of before. For purposes of clarity this discussion is divided into two parts, the promotion of charge account sales and the promotion of instalment sales.

(a) Perhaps the first method that occurs to us is that of canvassing selected lists of prospects which include many of our present cash customers. The manner of carrying on such a campaign is fairly obvious. First we obtain lists of customers such as: our cash customers; professional people; and executives earning above a certain predetermined annual income. Having prepared or purchased such lists we can then have the Credit Bureau code-rate the names for a flat charge per name or we can decide to draw credit reports after an application is received.

Your experience may have taught you as mine has me, that letters or other advertising material to be used in such a campaign cannot be too carefully prepared. Much thought and planning are necessary in order to devise the best possible material for the approach to consumers who may or may not have any interest in what we are writing them. Strange as it may seem, there are still people who prefer to pay cash even though they are first-class credit risks.

There is a theory that charge account customers buy more than cash customers. If that is proved by figures then the person who sets out to promote charge account sales must ignore whatever arguments cause those consumers to remain cash buyers and apply himself to the job of persuading them to use charge accounts—to get the charge account habit.

The advertising matter should not be so lengthy as to discourage reading through to the "punch" or "action" line, and yet it must be long enough to get over the story we have to tell.

Mr. Herbert Watson, in his book entitled *Applied Business Correspondence*, has said that the first thing to do in writing any business letter is to be sure we know before we start what is the purpose we wish to accom-

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**ROY E. BAYLIS** is a partner, Kennedy & Baylis, Toronto, Ontario. He is Dominion Chairman of the Membership Committee of the Credit Granters of Canada. This is an address delivered at a meeting of the Credit Granters Association of Ottawa and Hull.

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plish. It is the one thing we can all agree on and from that one point the whole structure of how to write letters will be built. To quote from the chapter on "The Work Your Letter Must Do":

"In other words, when you write a letter to anybody for any purpose, the job, reduced to primary elementals, is to put something that you—

know—see—believe—feel or—want  
into words and phrases that when signed, mailed and delivered to the one you write to, will be—  
read—understood—believed—agreed with, or acted  
upon."

He then proceeds to build up the job a letter must do and this applies with equal force to any other form of message that you send. The chart which he sets out consists of the following sections:

1. What is the complete "load" my letter must carry?
2. Will the one to whom I am writing feel a self-interest when he sees a letter from me?
3. If the answer is "yes," what is the feeling or the big idea I want the reader to get?
4. Will the reader be indifferent or opposed to considering my idea—or will he be open-minded?
5. Is the reader familiar with the subject of my idea or in sympathy with the nature of my feeling?
6. To make him believe, do I have to change some accepted opinion or disappoint some expectation?
7. (a) Does my idea appeal to his reason, caution or business sense?  
(b) Or does it appeal to his taste, fancy, convenience or personal side?
8. What action do I desire?

If the answer to question 2 is "No," then in what is the reader interested so that I may gear up my proposition in order to get his attention? If you will study that chart and answer the questions truthfully, it may help you to build a successful direct mail message or newspaper advertisement. I feel that, since many—and perhaps most—of the letters and circulars used in direct mail work on charge account prospects are drafted by credit sales departments, we would be justified in considering that a short talk on the preparation of such material could be considered as falling within the scope of this topic.

### Other Methods of Sales Promotion

- (b) Invitations to newly arrived residents of the community. Names to be gleaned from the daily press and other sources.
- (c) Advertisements in newspapers. There is always a question as to the value of general advertising of this type. It may be justified as institutional advertising to keep before the reading public the particular service you have to offer.
- (d) Follow-up of inactive accounts should be a fruitful source of added volume.
- (e) Offer charge accommodation to better instalment customers as they pay out their accounts.

- (f) Have sales clerks ask customers, "Is this charge?"
- (g) Offer employees a fee for any accounts they are instrumental in opening, provided the accounts meet certain determined standards within a prescribed period of opening.
- (h) Personal solicitation. This may be done by employing some qualified and experienced person to call on a selected and previously investigated group of prospects. Or it may be done by telephone.

Here I must call your attention to several points that should be decided upon before any campaign for credit sales promotion is commenced, whether that campaign be directed toward the revival of inactive accounts or the securing of new ones.

1. First of all you must decide how much a charge account is worth to you. To do this add together the number of accounts on your books at the first of the year and at the end of the year and divide the result by two. Then divide this number into the total net charge account sales for the year and you arrive at the average amount of purchases per account per year. The average rate of gross profit on your over-all sales applied to the average sales per account will tell you in dollars what a charge account is worth. That is a rough way of arriving at the figure. It does not make allowance for the inactive accounts and the small buyers, nor does it allow for the turn-over of accounts during the year, which according to some sources runs as high as 20%.

2. How much can you afford to spend per account in order to increase the number of your charge customers or stimulate the buying of those who have charge accounts?

If experience shows that the gross profit on sales to new accounts does not equal the cost of securing them, then future efforts must be directed along other channels or the sights of your new account campaign must be raised to aim at a better grade of customer even though there are fewer of them to be had. Of course if the manager of credit sales can increase the average purchases of his charge account customers he is doing a worthwhile job for his company because anything that will increase the dollars of gross profit without causing a corresponding increase in operating expense of the business as a whole, will increase his value to his employer.

#### Analyze Sales Figures

The wide-awake credit sales manager will be constantly analyzing his sales figures so that he knows at all times the answers to these questions among others:

- (1) What percentage of charge customers is responsible for the bulk of charge account sales?
- (2) What is the average period of inactivity?
- (3) How many inactive accounts are revived and what are their average purchases for a given period?
- (4) What is the average length of time that active charge customers have been buying on their accounts?
- (5) In what departments do the bulk of active charge account customers buy?
- (6) What can be done to persuade these customers to buy in other departments?
- (7) What is the value of the average new account in sales dollars for a given period as against the value of a revived account?
- (8) What is the percentage of returns on charge accounts and how does it compare with the percentage returns by cash customers?
- (9) What should be done to reduce the percentage of returns by charge customers?

There are many more such factors of which the credit sales manager should be aware and I suggest, if you are interested in improving your value as credit men and

women that you purchase a copy of *Retail Credit Fundamentals* by Dr. Clyde Phelps, published by the National Retail Credit Association.

Considerable of what has been said about charge account sales promotion can be applied with equal force to the promotion of instalment sales. However, the approach to the selling of the use of instalment credit must be different, because it is restricted in most stores in the number of lines of goods to which it applies. You cannot go out into the highways and byways and offer instalment credit. It can be offered only along with your offering of certain goods. Then let us set down the ways in which "deferred payment" or "budget plan" terms can be sold to the public.

#### Advertising Terms

1. First of all, perhaps, is the plan of connecting the budget terms to the article or articles to which they apply, as for instance by running a budget plan terms' box along with an advertisement of furniture or whatever it may be on which you are offering terms. That is a good way of calling the readers' attention to the fact that certain items in this advertisement may be purchased on a plan of deferred payments.

2. But more direct than that is the practice of stating the budget plan terms specifically under each item that may be so bought, such as,

Cash price	-	\$100.00
Budget plan price	-	105.60
(\$20.00 down and ten payments of \$8.56; or, B.P. terms available, 20% down and the balance plus a carrying charge in ten equal monthly instalments)		

3. In the merchandise departments cards can be placed on the individual items purchasable on the Budget Plan with, or without, a statement of the details.

4. In the case of both large and small items the Budget Plan price and terms can be shown on the price tag. This is particularly adaptable to furniture, rugs, stoves, washing machines, sewing machines, radios, etc., where the price tags are large enough to carry the extra information.

5. Large display cards can be placed throughout the store and in show windows advertising the store's Budget Plan and directing potential customers to the nearest Budget Plan Office for details.

6. Budget Plan sales can be increased and large stocks of goods moved by providing special terms for special sale periods. This plan can be used with very good results during semi-annual sales of furniture and house furnishings, seasonal sales such as fur coats, and featured low price sales of special buys of radios, refrigerators, vacuum cleaners, stoves, rugs, etc. Such a plan can be applied even to sales of men's and women's cloth coats, e.g., sale of winter coats or sales in the Easter season of suits and topcoats. Very often when one price only is being dealt with such as \$169.50 for a refrigerator, the terms can be featured as say \$9.50 down and 16 monthly payments of \$10.00 if the Budget Plan price is \$169.50 or \$15.00 down and 12 monthly payments of \$9.50 till paid for, if a carrying charge is added for time.

7. Budget coupon books can be used to permit purchase in any department of the store. Terms on these books should be restricted somewhat on the basis of the down payment and the time for payment bearing some reasonable relation to the probable life of the goods.

8. Having dealt at some length with the advertising of Budget Plan terms as an attraction to the prospective

customer, let us turn now to the promotion of this plan as a convenience more than as a means of buying a specific article or articles on certain stated terms. The reviving of inactive accounts comes to the fore here although Budget Plan accounts cannot be expected to offer the same appeal for regular use as the charge account. Nevertheless a review of Budget Plan accounts will show a surprisingly high percentage being used almost continuously; that is, never allowed to remain idle. When the furniture has been paid for perhaps a rug is wanted or a suit of clothes or a piece of jewellery, and so on. But those customers who have tried this method of paying for larger purchases are already familiar with the plan's convenience from a money budgeting standpoint and are more receptive to a suggestion that the account be kept in use than is a cash buyer to the suggestion that such an account would be found convenient and helpful by him. On that premise then considerable attention should be given to keeping active the accounts already placed on the books. Probably the best time to hit such customers is shortly after they have paid for one purchase; the argument can be used that the buyer's credit has been established and proved satisfactory and it is so easy to add another purchase to the account.

#### **Source of New Budget Plan Accounts**

9. Another source of new Budget Plan accounts is the charge office files. The approach here has to be carefully planned because while people are willing to buy on charge accounts they are in many cases conscious of the stigma, shall we call it, that still clings to installment buying. That may be a strong term but the old idea of "\$1.00 down and the balance when you catch me" dies hard because it has been so widely publicized on the vaudeville stage and in the humorous story, and has been so widely associated in the past with being "hard up."

A letter to such a customer might well commence by thanking him for his or her patronage through a charge account and go on to call attention to another account service that is available and easy to arrange for those who have established their credit with the store. A card might even be enclosed, introducing the charge account customer to the Budget Plan Department and the account might be arranged right at the office where the customer has been accustomed to doing business, if he or she should be sensitive about being seen in the Budget Plan office. Of course, in many stores the two departments share one office because the volume in each case is not large enough to warrant separate installations.

No matter how hard we work to keep up this part of our sales volume all our labors will be of little avail if we do not try every possible means to show credit customers that they are welcome and will receive the same courteous and prompt service as any other customers of our store. They should be made to feel that we appreciate their patronage and should not, under any circumstances, be given the impression that they are of less value than are cash customers. Always keep in mind that people resent being made to feel that because

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they may not have the money to lay down on the counter at the time of purchase, or if they have it and do not wish to do so, that there is any disgrace or reproach in making use of the available credit plans. So often customers have been made to feel almost like criminals by clerks, because they belong to the great body of credit buyers, particularly when they were Budget Plan buyers. If anything, credit customers should be handled with greater finesse than cash buyers because of the very fact of the reproach that through the years has been attached to time-buying. Let us do all in our power to eliminate that reproach whether it is real or fancied and to make credit customers feel on a par with supposedly more fortunate and desirable cash customers.

The Manager of Credit Sales is becoming more important to merchandising with the passing of the years. To value this statement properly I would like to refer again to Dr. Phelps's book previously mentioned:

"Today we may be said to live in a credit economy or credit world; in a business system pervaded by the power called credit." And again, "Many of us perhaps are not accustomed to viewing the world of today as a credit economy. Yet credit is a feature which is certainly as important as other frequently mentioned characteristics of the modern world."

That statement pertains to the whole field of credit, public and private and, of course, does not refer alone to consumer credit used in the purchase of merchandise. Dr. Phelps then goes on to deal with "Credit and the Business Cycle," claiming that "Business cycles in periods of prosperity followed by depressions, became pronounced when the widespread use of credit began. Since 1796 we have experienced in this country (the U. S. A.), about three dozen business cycles. There are scores of theories which attempt to explain the business cycle as being due to some one cause or another." And, "Whatever the causes may be in the case of a particular cycle, business overexpansion, crisis and depression cannot take place unless there is credit inflation." Then he proceeds to deal with the steps that can be pursued to prevent business cycles. He says, "While the individual retail credit man can do nothing by himself, the development of sound credit management, generally, among those entrusted with credit granting in all fields of economic activity would undoubtedly contribute greatly to the control of business cycles." Having come this far in his reasoning he points out that, "Before we can expect to conquer the business cycle, we must build up a generation of scientific credit men in all lines of activity." Now we have arrived at the point where credit management is called a science—and a science it really is. It used to be that the job of handling credit sales belonged to a bookkeeper or many of the details were attended to by the owner of the business. That may still be so in hundreds of small businesses. But, I believe it is a fact that both the bookkeeper and the owner have come in recent years to have an appreciation of at least the fundamentals of credit sales management. But in thousands of retail institutions the credit volume is so large as to require the service of a specialist, trained in the multitude of complex and varied parts of the system, by study and experience. Such a situation demands and requires increasing education of men and women. You will agree, I know, that the credit manager who would grow in power and usefulness, and those of his staff who would prepare themselves for higher positions in the field of credit, must study the science of retail credit management.

**(To be continued next month.)**

# NATIONAL APPROVED Charge Account CONVERSION AGREEMENT

A NEW FORM OFFERED CREDIT GRANTERS to enable them to comply fully with Regulation W. Meets all requirements of Section 5 (d) of the regulation.

For use when converting charge accounts to an instalment basis... both before and after default... and with or without a Statement of Necessity. Of value whether a down payment

is collected or not... whether a carrying charge is added or not... whether the charge account is reinstated or not.

A simple, easily understood form—yet, complete, easy to fill in and the right size (4" x 6") for filing. Blocked in pads of 100 for convenience in making copies.



Prices:

\$1.25 for 500

\$2.00 for 1000

•  
Blocked in  
Pads of 100

NATIONAL RETAIL CREDIT ASSOCIATION  
SHELL BUILDING ST. LOUIS, MO.

Clip and Mail  
this  
Coupon Now!



NATIONAL RETAIL CREDIT ASSOCIATION 218 Shell Building, St. Louis, Mo.	
Please send me _____ copies of CONVERSION AGREEMENT FORM. Check attached _____ Send Statement _____	
Name _____	
Address _____	
City _____	State _____

# VICTORY

## ★ MODELS ★

IN MY CONTACTS during the past year throughout the United States and in several of the Canadian cities, I have found management concerned about Victory merchandise. Although of inferior quality, prices are much higher than prior to the war. With few exceptions, store heads, with whom the problem was discussed, reported that they were buying limited quantities only—to take care of current needs—because, in their opinions, it will be extremely difficult to move when quality merchandise is again available.

There was a brief discussion of the subject at the Department Store and Instalment Group meetings at the 31st Annual Conference and Credit Sales Forum of this Association, held in Milwaukee in May. Several stated that, in their cities, terms had been shortened and larger down payments required.

Dr. Albert Haring, Professor of Marketing, Indiana University, Bloomington, one of the speakers, gave his definition of Victory Model merchandise—"One to be abandoned as soon as Victory is sure." Referring to terms, he stated, "If selling on credit, don't think about Regulation W—you had better get half down and three months to pay."

This sound recommendation is worthy of the consideration of every credit granter handling merchandise of the type mentioned. Maximum terms should be granted only in exceptional cases. After Victory, to expedite the sale of Victory Models, if on hand in quantities, it may be necessary to grant maximum terms. Under such circumstances, the practice would be justified. Until then, it is desirable to keep such accounts as liquid as possible by:

1. Obtaining Credit Bureau reports on all applications for credit.
2. Requiring larger down payments.
3. Granting shorter terms.
4. Maintaining a close collection follow-up.



L. S. CROWDER  
General Manager-Treasurer.

